

HS2

Annual Report and Accounts

2025–2026



High Speed Two (HS2) Limited Annual Report and Accounts 2025–2026

Company number 06791686

Accounts presented to Parliament pursuant to the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies Order 2012).

Report presented to Parliament by Command of His Majesty.

Ordered by the House of Commons to be printed on 9 July 2026.



© Crown copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents

Any enquiries regarding this publication should be sent to us at:

High Speed Two (HS2) Limited
Two Snowhill
Snow Hill Queensway
Birmingham B4 6GA

Telephone: 08081 434 434

General email enquiries: hs2enquiries@hs2.org.uk

Website: www.gov.uk/hs2

ISBN: 978-1-5286-6685-5

(E) 03637441 07/26



Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office.

Contents

Introduction

Chair's Statement	3
Chief Executive's Overview	5

Strategic Report

Business Model	9
Financial Review	13
Highlights of the Year	14
Performance Review	16
Environmental Sustainability Report	20
Non-Financial Information	39
Section 172 (1) Statement	45

Corporate Governance Report

Directors' Report	47
Statement of Directors' and Accounting Officer's Responsibilities	49
Governance Statement	50
Remuneration and Staff Report	80
The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament	91

Financial Statements

Statement of Comprehensive Net Expenditure	102
Statement of Financial Position	103
Statement of Cash Flows	105
Statement of Changes in Taxpayers' Equity	107
Notes to the Financial Statements	108

Introduction

Chair's Statement	3
Chief Executive's Overview	5

Chair's Statement



**“
HS2 is a
fundamental
part of a new
and improved
integrated
rail network.”**

The London–Birmingham rail corridor, one of the busiest mixed-traffic routes in Europe, is operating at capacity. The post-Covid rail recovery is almost complete, with journeys now back up to pre-pandemic levels. The railway is at times struggling to absorb growing passenger demand, and upgrades to the existing network alone cannot provide the additional space required.

HS2 creates separate tracks for long-distance services to the West Midlands, freeing existing lines for more local, regional and freight trains, and removing the mixed-speed conflicts that reduce capacity at peak times.

HS2 is a fundamental part of a new and improved integrated rail network – with Great British Railways at its heart – and provides base capacity where it is needed and on which the whole system depends.

The new London–Birmingham service will create a single economic zone that widens labour markets, strengthens business expansion and drives economic growth. The renewal we are already seeing around HS2's new stations is testament to transport's ability to rejuvenate local communities and drive regional economies.

Resetting HS2

Realising these benefits for the UK has been put at risk by a history of cost and schedule overruns. The programme had lost the confidence of the government and the public.

The Secretary of State for Transport appointed Mark Wild as chief executive with a clear mandate: reset the programme, establish credible, government-approved cost and schedule ranges, and build the organisational capability to deliver them. The HS2 Ltd Board, which I joined in July 2025, has a clear responsibility: restore independent oversight, strengthen governance, and ensure the reset achieves what it promises – maintaining effective and safe completion of the programme within cost and time controls.

Chair's Statement continued

I have refreshed the board to make sure that we have the appropriate skills, expertise and experience to support and challenge the executive team during this critical reset phase and beyond.

The reset is now in its second year and is expected to complete in spring 2027. There is a clear and realistic plan for completion, and we have stronger financial discipline and a more controlled approach to managing the programme. These changes are essential to restore credibility and measure progress transparently. The government's approval of new cost and schedule ranges, alongside multi-year funding through 2030, provides a clear framework within which the programme can be managed to ensure optimum value for money for taxpayers.

Accountability and governance

We entered this reporting period in performance default under the Development Agreement, with a bridging protocol as a formal control measure. The board has taken this position extremely seriously. I know that exiting from default will depend on sustained progress against the reset commitments.

I have worked over the last year to ensure the board plays its role in the reset, getting our governance and accountability processes right so we can be confident in the assurance processes to track success, identify risk and put in place recovery where required.

We have been working with the Department for Transport and Mark Wild's executive team to make sure the 89 recommendations of James Stewart's independent review are implemented. Of these recommendations, 31 have already been implemented and we expect all of them to be in place by the end of the reset. These recommendations must be established – a tick-box approach does not work and is not credible.

The Audit and Risk Assurance Committee has maintained close focus on improvements to financial, programme and commercial controls as

well as overseeing the progress we have seen on fraud cases and whistleblowing. Progress is evident, and further work is underway to ensure these improvements are fully embedded.

The expansion of the Health, Safety and Security Committee has strengthened our ability to oversee safety risks across the programme. This includes assurance that risks are being identified, managed and consistently controlled across all our sites and by all our delivery partners.

Relationships and responsibilities

The scale of HS2 requires effective relationships across government, industry and the communities affected by construction. We have seen significant improvement in our working relationships with the Department for Transport, HM Treasury and the Cabinet Office, with more direct engagement on the decisions that matter most. Maintaining this clarity of accountability between wider government, the sponsor and the delivery organisation is essential.

Managing the impact of construction on communities along the route and improving how HS2 engages with those affected must have greater focus, especially with the new schedule ranges that have been announced. The negotiations with the supply chain to strengthen commercial arrangements and create the right conditions for safe, productive work, are vital to the programme's success.

HS2 will be critical to relieving capacity constraints on the West Coast Main Line. The reset establishes the basis for confidence. The responsibility now is to complete the reset so that we can build the railway safely, efficiently and with discipline – providing the greatest possible value for taxpayers, a railway fully integrated with the national network, and a service that works for passengers.

Mike Brown CBE MVO

Chair

High Speed Two (HS2) Ltd

Chief Executive's Overview



**“
The reset has
established a
sequenced plan
for completing
the railway
at the lowest
reasonable cost.”**

We have completed the first year of work on the fundamental reset of HS2, which will last until April 2027. Over this year, we have established new cost and schedule ranges and reduced the complexity in the scope of the railway, all of which were critical steps to getting the programme back in order. Underpinning all of our work is a commitment and responsibility to delivering the railway safely and for the lowest feasible cost, ensuring the new railway becomes a strategic asset for the national rail network.

The certainty of our funding profile from government until 2030 has allowed us to chart a clear path forward. We have made good progress over the last year but there is still much to do. In the coming year, we will establish a new baseline that will enable us to track and monitor delivery right through to the opening of the railway, reflect the new programme in arrangements with our supply chain, and develop HS2 Ltd's internal capability.

Our work on the reset has established a sequenced plan for completing the railway (known as the reference case) at the lowest reasonable cost, building on the approach used in the recovery of Crossrail. This work has been tested rigorously by technical experts, internal and external assurers and independent industry specialists. The methodology of setting the reference case and ranges before completing the detailed work of a baseline represents a material shift in how the HS2 programme is planned and governed.

The railway will open in phases. Core services between Old Oak Common and Birmingham Curzon Street will commence between May 2036 and October 2039, with three trains per hour in the opening phase. The full railway, extending to Euston and the line to Handsacre in Staffordshire for services to Manchester, Liverpool and Glasgow, will start between May 2040 and December 2043.

Chief Executive's Overview continued

Under the approved cost and schedule ranges, the railway will cost £87.7 billion – £102.7 billion to complete. This includes the actual spend to date and assessed costs to complete at Q3 2025 prices.

We have set a challenging ambition to deliver within the lower end of the ranges – delivering the programme at a cost of £93.2 billion and an initial opening date in late 2037 for core services.

Under the direction of the Secretary of State, we are simplifying the railway, including reducing HS2's operating speed to 320 kilometres per hour (about 200mph). This aligns HS2 with the fastest high-speed railways operating in Europe, including High Speed 1. Using proven technical standards, this also reduces the risk and cost of testing and supports integration with the wider network under Great British Railways.

These decisions reflect a broader reset principle: removing unnecessary complexity while maintaining safety and passenger benefit and improving financial control and productivity.

Staying Safe at Heart

Safety is the foundation stone of our approach to delivery. We are boosting productivity out on site, a critical intervention to meet our challenging ambition to deliver at the lower end of the ranges, but it is inseparable from safety. About 30,000 people are working across more than 350 sites, many in high-risk environments. We expect everyone to go home safely every day – not as a target, but as a condition of working on HS2. Following a serious incident in London in September 2025, we brought all tunnel works to a safe stop and undertook a comprehensive review of procedures. All sites subsequently reopened with enhanced controls, and lessons learned have been embedded across the programme.

Injury rates have improved across key categories, and our Health and Safety Performance Indicator finished the year at 2.38, above our target of 2.3. We will set out a new strategy this year as we continue our work to continually improve people's health, safety and wellbeing.

Construction progress

Alongside making progress on the reset, we have moved the dial in our productivity out on site. Major milestones have been achieved across the route, including completion of the Colne Valley viaduct – the UK's longest rail bridge at 2.1 miles – and the 10-mile Chiltern tunnel. All 46 miles of deep-bore tunnelling between Old Oak Common and Birmingham were completed in October 2025, and tunnelling to Euston is underway. The year delivered record earthworks performance and strong progress on viaduct segments and foundation columns.

Since year-end, construction teams have also completed the Curzon 2 bridge – at over 40 metres, the tallest structure on the route – which was launched over the Cross City line into central Birmingham. This coming year we are expanding this focus to include delivery of key design deliverables, necessary for the future authorisation of the railway.

Strengthening control and capability

Performance this year has been strong with the year-end outturn delivered within the delegated budget and within 1% under the Supplementary Estimate for Total HS2. Financial control, cost assurance and programme discipline have all improved materially. Further work is needed to fully embed these improvements in the reset, but the trajectory is positive and the direction is set.

Chief Executive's Overview continued

HS2 Ltd itself is in the process of being reset to a more accountable body. The organisation today is leaner and more focused on frontline construction. Leadership has been unified, with a strengthened Executive Committee in place from April 2026. We have strengthened key areas of control such as fraud and whistleblowing, with encouraging signs of early results. We have a plan to build out the capability needed to deliver future stages of the railway and ways of working are being simplified to enable faster, clearer decisions.

Together, these changes are embedding the capability required to deliver and integrate a complex railway system, rather than a series of delivery projects.

Railway benefits today

The delivery of HS2 is already generating value across the UK through jobs, skills and economic activity. In addition to the 30,000 people working on the railway, thousands of UK businesses, most of them small and medium-sized enterprises, are participating in the supply chain. More than 2,000 apprenticeships have been created, and more than 5,700 unemployed people have been supported into work.

At the same time, we recognise the impact our construction has on communities along the route. Complaints have understandably increased as activity has intensified, driven primarily by traffic, noise and disruption. While most complaints are resolved quickly, we want to reduce disruption at source. We have made improvements but we need to be better at being more compassionate and proactive in our community engagement.

The task ahead

We are entering a critical phase in the delivery of the railway but our focus is clear: completing the reset and strengthening control during a safe and productive year of construction.

There is clear evidence that programme management and executive oversight is becoming more disciplined and more consistent. That progress must now be sustained.

The work undertaken this year has established the foundations. The priority now is to build on that progress to complete the railway and provide the capacity infrastructure the national network and country needs.

Mark Wild OBE

Chief Executive Officer
High Speed Two (HS2) Ltd

Strategic Report

Business Model	9
Financial Review	13
Highlights of the Year	14
Performance Review	16
Environmental Sustainability Report	20
Non-Financial Information	39
Section 172 (1) Statement	45

Business Model

Remit and scope

HS2 Ltd is classified as a central government organisation by the Office for National Statistics and the HM Treasury (HMT) classifications team. It has been administratively classified by the Cabinet Office as an executive non-departmental public body (NDPB). HS2 Ltd has been incorporated under the Companies Act 2006 as a company limited by guarantee with the Secretary of State for Transport as the sole shareholder.

HS2 Ltd has been established by the Department for Transport (DfT) to develop, build and bring into service HS2, a high-speed railway linking London and the West Midlands, allowing services to connect to the existing rail network to serve destinations further north.

HS2 Ltd is responsible for designing and constructing HS2's infrastructure, with a connection to the West Coast Main Line at Handsacre in Staffordshire.

The authority to build HS2 has been granted and construction is well underway. Main works construction officially started in 2020 and there are about 350 active sites across the route.

Following the cancellation of Phase Two, HS2 Ltd has stopped all work related to the former Phase 2a and 2b routes, including design, development and enabling works. The DfT has confirmed that land permanently acquired for Phase 2a is to be retained and that this land is now being managed as part of the HS2 managed property portfolio. The DfT has instructed HS2 Ltd to begin the hand back of temporarily possessed land where no construction works were undertaken. A further instruction setting out the approach to decommissioning and remediating temporarily possessed land is expected in summer 2026.

The responsibility for the development of the High Speed Rail (Crewe-Manchester) Bill, formerly the consenting mechanism for Phase 2b of HS2, has now been transferred and incorporated into the Northern Powerhouse Rail (NPR) scope. It will be adapted, by removing HS2 scope through

mid-Cheshire, to consent the eastern part of the new Liverpool–Manchester rail line, including the tunnelled approach into Manchester and new stations at Manchester Piccadilly and Manchester Airport. This will provide a ready-made legislative framework for progressing this section of the route.

Following the Network North announcement in 2023, the DfT reviewed the model for the HS2 Euston station and wider campus projects, including the potential use of private finance for the HS2 station. The DfT subsequently incorporated a company limited by shares in July 2025, called the Euston Delivery Company Ltd (EDC), which will be the arm's length body overseeing the integrated completion of the Euston campus on behalf of the DfT.

On 23 September 2025, the DfT wrote to HS2 Ltd, Network Rail and Transport for London outlining design and construction roles and responsibilities under new arrangements for the HS2, conventional and London Underground (LU) station developments at Euston, and changes to HS2 Ltd's scope and responsibilities. The new arrangements include transferring accountability for scheme design, detailed design and construction of the HS2 and LU stations away from HS2 Ltd.

HS2 Ltd has been working closely with the DfT and other partners in government, including HMT and the National Infrastructure and Service Transformation Authority over the past year to assess the remaining scope of work, and estimate thoroughly how long it will take and how much it will cost to complete the project. Fully assured cost and schedule ranges were submitted to government in January 2026 and announced by the Secretary of State for Transport in May. Alongside the work to reset the programme, which includes strengthening the controls environment, HS2 Ltd has continued to build the railway while achieving improvements to financial and governance controls via the Bridging Protocol.

Business Model continued

Relationship with the DfT

The relationship between HS2 Ltd and the Secretary of State – as represented by the DfT – is managed through the Framework Document and the Development Agreement. The Framework Document and the Development Agreement are key governance documents and should be considered together to understand the controls environment and the operational relationship between HS2 Ltd and its shareholder and sponsor.

The Framework Document

The Framework Document sets out the requirements and expectations on HS2 Ltd as an executive non-departmental public body and covers issues such as the appointment of the board, risk management protocols, expectations for financial management and controls on expenditure. The Framework Document sets out the requirement for HS2 Ltd to consider relevant government functional standards as appropriate.

The Framework Document was updated and published in August 2022 and can be found at: www.gov.uk/government/publications/hs2-ltd-framework-document-august-2022

The Development Agreement

The Development Agreement is the principal mechanism for managing the relationship between the Secretary of State as funder and sponsor of the programme and HS2 Ltd as the special purpose vehicle formed by the Secretary of State to deliver the programme.

Under the terms of the Development Agreement, the Secretary of State's role is to:

- set the scope of the programme
- provide the necessary funding to HS2 Ltd
- be accountable for the Business Case and the benefits
- be responsible for gaining the necessary acts of Parliament

- own the relationships with ministers and government bodies
- decide how the railway will be operated
- Under the terms of the Development Agreement, HS2 Ltd's key responsibilities include:
 - building the railway
 - execution and completion of the works
 - acquisition, management and disposal of all interests in, or rights over, land
 - performance of specified functions
 - managing the operation of infrastructure
 - providing core programme benefits that are allocated to HS2 Ltd in the benefits baseline for the relevant phase
 - ensuring station design takes account of the potential for future development and regeneration of adjacent local communities
 - seeking to identify and secure continuous improvement opportunities

In April 2024, the DfT formally notified HS2 Ltd that it was in performance default under the Development Agreement, as HS2 Ltd's forecast for the cost of completing HS2 exceeded the funding envelope for Phase One of HS2.

The DfT issued a bridging protocol to the Development Agreement, which took effect from 1 April 2025 and was updated for 1 April 2026. The Bridging Protocol established control measures to ensure the programme is managed properly during the period when HS2 Ltd and the DfT work together to reset the programme. The protocol is temporary and will end when the Secretary of State confirms HS2 Ltd is no longer in performance default.

Business Model continued

The Bridging Protocol includes revised sponsor’s requirements that formalise previous decisions by government to cancel HS2 Phase Two and amend arrangements for the HS2 Euston station, as well as confirming the geographic scope of the railway between London and the West Midlands.

Company strategy

HS2 is a major government infrastructure programme. It provides a once-in-a-generation investment in the UK’s transport infrastructure, building a new high-speed railway linking London and the West Midlands, connecting to the existing network to allow HS2 services to call at destinations further north. HS2 will improve connectivity between London and the West Midlands, creating new jobs and homes around HS2 stations.

HS2 Ltd’s purpose is to build the railway safely and on time, and ensure value for money for the taxpayer. The Secretary of State has written to the chair of HS2 Ltd, making it clear that after safety, HS2 Ltd’s primary objective is to complete the remaining work for the lowest reasonable cost and bring the railway into service as an integrated part of the network, providing reliable and efficient journeys for passengers.

Corporate and business plans

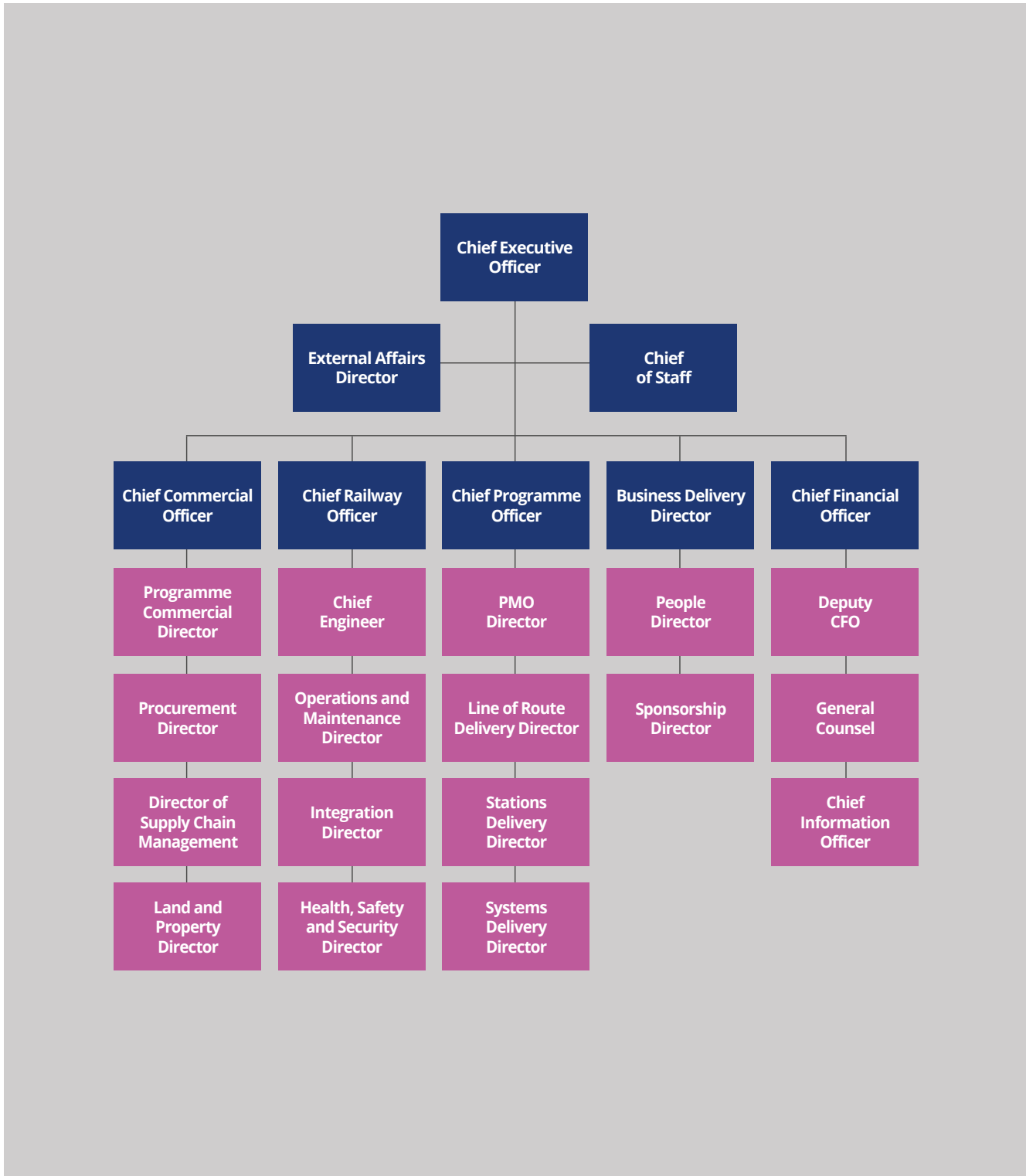
The Framework Document requires HS2 Ltd to produce an annual Corporate Plan demonstrating how the railway is being built, including the key performance indicators (KPIs) and milestones against which performance is assessed annually. In 2025/26, the DfT agreed with HS2 Ltd to defer normal production of the annual Corporate Plan while the programme reset was completed. KPIs and milestones were set based on the in-year priorities and approved Performance Management Plan (PMP).

HS2 Ltd’s head office is in Birmingham and about two-thirds of the staff are based there. Most London-based staff are located at Euston.

Business Model continued

Leadership Structure as at 1 April 2026

HS2 Ltd has made changes to the leadership structure to shape the future organisation, ensuring the right structure and capability are in place to complete the programme.



Financial Review

Company financial performance for the year ended 31 March 2026

The combined capital and resource expenditure in 2025–2026 was £6,847.1 million (2024–2025 was £6,938.3 million). Capital expenditure primarily comprises the cost in the year of the London–West Midlands route.

The financial statements for the year ended 31 March 2026 show the following results:

- Capital expenditure: £6,807.9 million (2024–2025: £6,870.2 million)
- Resource expenditure: £39.3 million (2024–2025: £68.1 million)
- Net assets: £40,087.1 million (2024–2025: £33,640.1 million)

The capital expenditure reflects ongoing works following Notice to Proceed for the London–West Midlands route, primarily in relation to progress on main works civils. The decrease in both capital and resource expenditure in-year compared with the previous year is in line with the agreed budget allocations for the financial year 2025/26. The movement in net assets is driven predominantly by the capital expenditure, as the railway infrastructure asset is measured at historical cost during construction.

A detailed account of HS2 Ltd's finances is provided in the financial statements (pages 102 to 107). The land and property acquired for the construction and operation of the railway is purchased by HS2 Ltd as agent for the Secretary of State. It is recognised as assets in the DfT's financial statements and is not included in HS2 Ltd's financial statements.

Going concern

HS2 is funded entirely by capital contribution from the DfT as provided by Section 6 of the Railways Act 2005, the High Speed Rail (Preparation) Act 2013 and section 63 of the High Speed Rail (London to West Midlands) Act 2017 and High Speed Rail (West Midlands to Crewe) Act 2021, and the funding provisions in the Development Agreement, Framework Document and annual delegation letters from DfT to HS2 Ltd.

As part of the June 2025 Spending Review, the DfT reached a settlement with HMT to fund the delivery of HS2, up to £25.3 billion (nominal prices), covering the financial years 2026/27 to 2029/30.

In July 2025, the Secretary of State presented a report to Parliament tasking HS2 Ltd's new CEO Mark Wild with leading a comprehensive reset of the programme with the aim of providing an updated delivery baseline and funding envelope in 2026. A further instruction from the Secretary of State in March 2026 set out a requirement for HS2 Ltd to continue to explore options to remove complexity from the programme with a view to reducing the cost and bringing the railway into service earlier.

In May 2026, the Secretary of State announced that following the reset work, HS2 is now expected to cost between £87.7 billion and £102.7 billion with trains expected to start between Old Oak Common and Birmingham Curzon Street between 2036 and 2039. The full scheme from London Euston to Birmingham Curzon Street, and a connection to the West Coast Main Line, is expected between 2040 and 2043.

The DfT has agreed budget allocations for the programme for financial year 2026/27, giving a reasonable expectation that the company is able to continue as a going concern for at least that period.

No material uncertainties were identified in the going concern assessment. In line with Notice to Proceed, confirmed on 15 April 2020, and the new instructions from the Secretary for State in July 2025 and March 2026 on resetting the programme and reducing the time and cost alongside the existing delivery work underway, it is considered appropriate to adopt a going concern basis to prepare these financial statements.

Highlights of the Year



April 2025

The UK's heaviest bridge slide took place in Warwickshire as the 14,500-tonne Kenilworth box was moved into position.



May 2025

The first high-speed train platforms are installed at Old Oak Common station in west London.



June 2025

Tunnel boring machine (TBM) Emily, the third of four TBMs excavating the Northolt tunnel in London, completes its 3.4-mile drive.



July 2025

Concept designs for the interior of HS2's Class 895 trains are revealed at an event celebrating 200 years of the modern railway.



August 2025

Realignment of the River Cole in Warwickshire is completed to allow for two new viaducts and embankments to be built at Delta Junction.



September 2025

Britain's longest rail bridge – the 2.1-mile-long Colne Valley viaduct, north-west of London – is finished.

Highlights of the Year continued



October 2025

All deep bore tunnelling between London and the West Midlands is completed with TBM Elizabeth's Bromford tunnel breakthrough near Birmingham.



November 2025

Civil engineering is completed on the first of five Chiltern tunnel ventilation and intervention shafts – at Chalfont St Giles.



December 2025

Construction of HS2's longest green tunnel at Greatworth, Northamptonshire, moved closer as the next phase of excavations began.



January 2026

The project reached a double milestone, recruiting its 2,000th apprentice and providing jobs for over 5,000 previously unemployed people.



February 2026

Two final 'sonic boom' reducing porous portals are completed on the Chiltern tunnel.



March 2026

TBM Karen – the last of 11 to be used on the project – starts digging the final bore of the Euston tunnel.

Performance Review

Performance in 2025–2026

The financial year 2025/26 has been a significant period of change and progress as we have reset the HS2 programme. Ministers set the key performance indicators (KPIs) at the start of the year to monitor our performance against stretching key objectives. For 2025/26, our priority areas were a safe and productive year of construction, achieving progress on the reset, and strengthening financial control across the programme.

In addition, HS2 Ltd and the DfT have responded to the findings from James Stewart's review of HS2, which was published in June 2025. This provided a framework to address the following areas for improvements as part of our priorities:

- progressing the reset – including the commercial reset with the main works civils contractors
- developing a new governance structure with the DfT
- improving the assurance environment
- improving trust and collaboration between the programme and government sponsors, with a clear cultural change
- reviewing and developing plans to improve capability
- new delivery and governance arrangements for Euston

Health, safety and wellbeing

During 2025/26, about 30,000 people were part of the HS2 workforce across 350 sites. At this scale, safety risks are constant and varied – driven by changing conditions, fatigue, time pressure, and the split-second decisions made on site every day.

In September 2025, a serious safety incident occurred at an SCS site. Although no one was physically injured, the incident posed a serious risk to those involved. Work was stood down across all SCS sites for a thorough review of safety procedures and leadership.

Safety is our main priority and Safe at Heart is our programme-wide philosophy. It has guided our approach since 2015. An emphasis on health and

safety is core to every decision and action we take. This applies to everyone on site and in offices, across HS2 Ltd and our supply chain.

Given the inherent complexity and scale of the programme, our Health and Safety Performance Indicator stood at 2.38, above our target of 2.3 for the year.

Productivity performance

One of our priorities in 2025/26 was to address poor productivity, which has been a feature of the programme for several years.

Over the past year, there has been a shift in levels of productivity with a Schedule Performance Index (SPI) position of 1.0 achieved. At the start of 2025/26, we established a challenging workbank and PMP. At the end of 2025/26, all main works critical volumes of work exceeded plan levels, except design. Management intervention to support revised design plans allowed design delivery to stabilise and performance to improve by year-end. Further measures have been introduced to improve areas lagging behind expected performance. This is an important area for monitoring to ensure performance gets back to target levels and further measures are being implemented in 2026/27 to support this.

Main works had one of their most productive earthworks seasons ever. In August 2025, more than 1.7 million cubic metres of spoil was excavated, filled and processed in our Greatworth to Southam sites alone. Excavation of the Northolt tunnel finished ahead of schedule despite difficult ground conditions, and the north portal of the Chiltern tunnel was completed several months faster than the south portal, thanks to lessons learned and innovative construction methods. All twin-bore tunnelling between Old Oak Common and Birmingham was completed, and the main civil engineering phase of the UK's longest railway bridge, the Colne Valley viaduct, was completed at the end of 2025, ready for the installation of railway systems.

Performance Review continued

Performance in 2025–2026

Measures including real-time tracking, visual management systems, weekly performance reviews, and a dedicated productivity executive leadership team have made tangible benefits, supported by a greater focus on allocating resources to frontline roles.

Cost performance

Alongside the improvements in productivity, we have strengthened financial control. We set and achieved challenging targets to reduce our head office costs as we focused more resources into building the railway.

Performance this year has been strong, with the year-end outturn delivered within the delegated budget and 1% below the Supplementary Estimate (£6,967m). We have applied the lessons from 2024/25 to strengthen financial control, cost assurance and programme discipline. While further work is needed to fully establish these improvements through the reset, progress is encouraging and we are regaining control of the programme.

Progress in resetting the programme

We have made significant progress building the railway alongside the production, assurance, and approval of work to reset the remainder of the programme.

We originally set out a five-stage gate process to complete the reset by the end of 2025/26. The timing was refined during the year and the definition of activities was changed to include holding Stage Gate 3 longer than originally planned. This was a conscious decision to allow time for full assurance of the cost and schedule ranges, which were submitted to government in January 2026.

An intermediary Stage 4a was set for the end of March 2026, to prepare for full lifecycle reporting capability. Stage 4b work to complete the full Baseline 8 process was moved to autumn 2026. Stage 5, the assured baseline and commercial arrangements to complete the reset, are now planned for the end of financial year 2026/27.

The PMPs for both years – 2025/26 and 2026/27 – have been aligned to the cost and schedule ranges provided to government. This is continuing with the production of Baseline 8 in 2026/27. The reset has required changes to how the project is built. HS2 Ltd, the DfT and our supply chain have improved collaboration and maintained the good performance required to required during the reset.





In June 2026, the National Audit Office (NAO) published a report on the HS2 reset. We are considering how we will address the NAO recommendations as part of completing the reset and the management of the programme.

In 2026/27 we will also continue to progress the reset of the programme, including the commercial reset with the MWCCs. This will include agreeing the settlement of outstanding historical supplier payments (on account) which may affect the value of the asset under construction (AUC).

Performance Review continued


Performance in 2025–2026

A summary of our progress against each of the key performance indicators for 2025/26 is presented in the following table.

Target(s)	Status	How we performed
Health, Safety and Wellbeing		
The Health and Safety Performance Index (HSPI) score To end the bridge year with an HSPI score of 2.30 or above.	Achieved target 	HSPI is a proactive metric used to monitor, evaluate and benchmark the safety and wellbeing of construction workers on the high-speed rail project. At the end of 2025/26, the final HSPI Score was 2.38. This was above our end-of-year target of 2.30. Over the period of Q4, the HSPI improved every month from 2.28 at end of Q3 (December) to 2.35 in January, 2.37 in February and 2.38 in March, demonstrating a continued improving trend. Four of the six individual metrics ended the year above target.
Cost Performance		
Annual budget performance Year-end outturn not to exceed 2025/26 delegated budget and to be no more than 1% below Supplementary Estimate, unless otherwise agreed with the DfT.	Achieved target 	On 19 December 2025, HS2 Ltd confirmed to the DfT an updated Phase One capital departmental expenditure limit (CDEL) supplementary estimate position of £6,994m (£141m less than budget). Year-end outturn delivered under the 2025/26 delegated budget with an outturn figure of £6,967m, which is within 1% under the Supplementary Estimate HS2 (including annually managed expenditure (AME)) and Phase One CDEL.
Head office cost performance Year-end outturn not to exceed agreed head office control total for 2025/26.	Achieved target 	The head office control total 2025/26 target was set at £116m. This is the total costs across head office functions and represented a 17% year-on-year reduction versus 2024/25 for the equivalent functions. At the end of 2025/26, head office control total outturn was £107.5m. HS2 Ltd delivered reductions through the last forecast that materialised through Q4, representing a £8.5m year-end underspend against the target.
HS2 Programme Reset		
Programme reset At end of 2025/26, to be on target to achieve the programme reset objectives by September 2026, bringing the programme back under control to deliver it safely and at lowest reasonable cost.	Not achieved 	The timing of the programme reset was refined during the year and the definition of activities was changed to include holding Stage Gate 3 longer than planned at the outset. This was a conscious decision to allow time for full assurance of the cost and schedule ranges, which were submitted to government in January 2026. An intermediary Stage 4a was set for the end of March 2026. Stage 4a was concluded, with some remaining residual matters outstanding. They are being closed in parallel with Stage 4b, which moved to autumn 2026. Stage 5 and completion of the reset is now planned for the end of financial year 2026/27.

Performance Review continued

Performance in 2025–2026

Target(s)	Status	How we performed
Productivity performance		
<p>Productivity performance Achieve a Schedule Performance Index (SPI) score of 1.00.</p>	<p>Achieved target</p> 	<p>SPI is a proactive metric used to measure how closely the railway's actual progress aligns with its planned timeline. Schedule performance of 1.00 was achieved overall for the in-year delivery of the programme, based on the in-year PMP accepted by the DfT at the start of 2025/26.</p>
<p>In-year delivery milestones: Achieve the critical 15 in-year delivery milestones for 2025/26.</p>	<p>Partially achieved target</p>	<p>13 of the 15 in-year delivery milestones were achieved during 2025/26. Two milestones were achieved less than one month late and still within the financial year. Two milestones were reprogrammed in Q3 to reflect rephasing of work associated with the reset. These were the rolling stock preliminary design review and Copthall tunnel works completion.</p>
<p>In-year volumetrics: Achieve the in-year volumetrics aligned to the PMP in the following areas:</p> <ul style="list-style-type: none"> • TBM tunnel drives • earthworks • green tunnels • in-situ concrete • viaduct concrete and segments • design status 	<p>Partially achieved target</p>	<p>Strong performance was achieved with five of the six main works volumetric measures achieving or exceeding the targets set at the start of the year. However, the design status performance target was missed with a performance of 81.2% complete against a target of 86.5%.</p>

Environmental Sustainability Report

HS2 Ltd's performance contributes to the DfT's Greening Government Commitments (GGCs) and we report against the requirements for our corporate activities in this section. The nature of HS2 means the targets of the GGCs do not apply directly to HS2 Ltd so there is no baseline year or specific HS2 Ltd targets.

In addition to reporting on our corporate activities, we are required by government to publish a separate [Environmental Sustainability Progress Report \(ESPR\)](#) each year to provide a full account of data for project delivery through our supply chain.

Our performance against the GGCs in 2025/26 is shown below. We also include other reporting requirements including Taskforce on Climate-related Financial Disclosures (TCFD) reporting consistent with the [HMT Sustainability Reporting Guidance: 2025/26](#).

HS2 Ltd collates relevant quantities of data centrally, and consumption and generation data from HS2 premises. The data is submitted using DfT's reporting template, from which the emissions data is taken to use in our Annual Report and Accounts.

Environmental Sustainability Report

continued

GGC goal: Mitigating climate change – working to net zero by 2050

Emissions (CO ₂ e in tonnes)	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Scope 1: Direct emissions	115	153	272	297	234	255	279
Gas	115	153	272	297	234	255	279
Diesel	0.10	-	-	-	-	-	-
Fleet	0	0	0	0	0	0	0
Scope 2: Indirect emissions (electricity)	135	271	205	215	238	241	327
Scope 3: Indirect emissions	315	263	303	335	199	68	372
Domestic air travel	0.24	1.4	0.7	-	-	-	-
Rail – National Rail	136	139	129	-	-	-	-
Rail – London Underground	0.14						
Bus/coach	0.09	0.1	0.1	-	-	-	-
Taxi	1.0	54	78	-	-	-	-
Hire car use	75						
Private vehicle – owned by staff	102	68	96	-	-	-	-
Total emissions	565	686	781	847	671	564	978
Total emissions per employee	0.30	-	-	-	-	-	-

Notes:

- The reporting boundary includes the HS2 Ltd Podium office (London), Snowhill office (Birmingham) and employee business travel.
- Emissions have been calculated using GOV.UK emission factors.
- We are unable to report on fugitive emissions at present as our total facilities manager only provides data on the total charge of the air conditioning unit once they have topped it up and not the amount they have topped it up by. We are working with them to get this data for 2026/27 reporting.
- The reported diesel is from a backup generator at Snowhill (testing use).
- In previous years, we have reported electricity emissions as market-based and location-based as provided by the software previously used by DfT. Given the software has not been provided this year, the data is calculated using GOV.UK emission factors and have been recalculated for previous years.

Environmental Sustainability Report

continued

Related consumption	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Scope 1: Direct emissions							
Gas (kWh)	629,141	838,241	1,334,909	1,329,118	1,279,229	1,388,157	1,518,623
Diesel (liters)	36	-	-	-	-	-	-
Fleet	0	0	0	0	0	0	0
Scope 2: Indirect emissions							
Electricity (kWh)	762,571	1,307,553	992,127	1,109,370	1,119,679	1,032,207	1,278,207
Scope 3: Indirect emissions							
Domestic air travel (passenger km)	1,043	8,747	4,238	-	-	-	-
Rail – National Rail (passenger km)	3,831,386	4,732,256	3,641,803	-	-	-	-
Rail – London Underground (passenger km)	4,882						
Bus/coach (passenger km)	859	1,041	1,133	-	-	-	-
Taxi (vehicle km)	4,841	375,941	551,581	-	-	-	-
Hire car use (vehicle km)	435,957						
Private vehicle – owned by staff use (vehicle km)	591,326	409,069	574,036	645,508	272,959	54,206	49,036

Notes:

In 2025/26, we have seen a reduction of electricity usage / emissions, largely related to reducing the floor area of our office space. We've also completed a full upgrade to LED lighting at our Snowhill offices in Birmingham – at a cost of £433,000 – which should deliver a further reduction in emissions in future years.

Environmental Sustainability Report

continued

Financial information	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Gross expenditure on the purchase of energy	£471,711	£260,412	£269,000	£393,000	£213,000	£156,000	£241,000
Expenditure on reported areas of energy	£471,711	£260,412	£269,000	-	-	-	-
Expenditure on accredited offset purchases	£0	£0	£0	£0	£0	£0	£0
Total expenditure on official business travel	£2,246,096	£1,737,764	£1,873,000	-	-	-	-

Notes:

- Expenditure on business travel includes rail, air, hire car, hire car fuel via expenses, private vehicle use, bus, underground, rail and taxi.
- We do not purchase carbon credits for offsetting.

GGC goal: Minimising waste and promoting resource efficiency

Waste	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Total waste generated (tonnes)	93	86	51	78	58	28	116
Waste recycled (tonnes)	46	29	28	50	30	14	57
Waste composted/food waste (tonnes)	0	0	0	0	0	0	0
Waste incinerated with energy recovery (tonnes)	47	57	23	28	28	14	59
Waste incinerated without energy recovery (tonnes)	0	0	0	0	0	0	0
Waste to landfill (tonnes)	0	0	0	0	0	0	0

Notes:

- In 2025/26, we did not send any waste to landfill.
- HS2 Ltd does not have mineral waste.
- Limited quantities of clinical and municipal offensive waste are generated. These are not material by weight.
- Hazardous waste is limited to a small number of batteries and where fridges are required to be replaced. These are disposed of through the total facilities manager and are not material. We will work to get this data in future reporting years.
- We continue to work towards the government commitment to remove all consumer single-use plastics with nearly all items removed from the estate, with the exception of anti-bacterial wipes. These will be replaced with a plastic-free option by the end of 2026.
- Where possible, all items are redistributed or reused including stationery and office furniture.
- The 2024/25 and 2023/24 figures have been restated to remove ICT waste that is now reported separately. A small error has also been corrected in 2024/25 figures.

Environmental Sustainability Report

continued

ICT waste	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Total ICT waste (units)	1,936	-	-	-	-	-	-
Total ICT waste (tonnes)	4.59	-	-	-	-	-	-
Value returned of ICT waste (£)	£3,360	-	-	-	-	-	-
ICT waste reused (units)	0	-	-	-	-	-	-
ICT waste recycled (units)	1,628	-	-	-	-	-	-
ICT waste to landfill (units)	308	-	-	-	-	-	-
ICT waste incinerated with energy recovery (units)	0	-	-	-	-	-	-
ICT waste incinerated without energy recovery (units)	0	-	-	-	-	-	-

Notes:

- Reporting in previous years has combined categories. Refer to previous annual reports for historical information.

- All ICT waste is managed by an external contractor. It provides a total weight of collection but the breakdown for recycling/landfill is only by units. We are unable to provide weight recycled/landfilled.

Total expenditure on waste disposal	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Total expenditure on waste disposal	£51,830	£73,547	£97,779	-	-	-	-
Expenditure on municipal waste disposal	£43,551	£73,547	£97,779	-	-	-	-
Expenditure on clinical waste	£8,279	-	-	-	-	-	-
Expenditure on ICT waste disposal	0	-	-	-	-	-	-

Notes:

- This is the first year of reporting on the expenditure of ICT waste disposal. The cost of our ICT waste disposal is zero. The waste management company get the residual value from ICT (e.g. mobile phones) and there was a small amount of value returned as reported above.

- Municipal waste is on a single contract so we do not have a cost breakdown by recycled, composted, incinerated etc.

- Our municipal waste costs have reduced in 2025/26 due to a reduction in floor area – as waste costs are allocated among all tenants based on floor area. However, waste generation has remained static.

Environmental Sustainability Report

continued

Paper consumption (reams)	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
A5	0	0	0	0	0	5	25
A4	365	1,050	924	799	155	356	810
A3	0	0	0	0	0	23	125

GGC goal: Reducing our water use

Water	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Estates water (cubic metres, m ³)	6,028	10,161	6,996	8,074	5,330	3,075	8,252

Financial information	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Expenditure on water	£35,988	-	-	-	-	-	-

Notes:

- 2025/26 is the first year of reporting expenditure on water.
- All expenditure is related to potable water. There is no purchase of licences.
- This is part of the service charge at both Podium and Snowhill.

Environmental Sustainability Report

continued

GGC goal: Procuring sustainable products and services

Our strategic goals include creating an environmentally sustainable solution. This is embedded throughout our procurement procedures. For example, during a procurement the procedures require: application of relevant Government Buying Standards; working with environmental subject matter experts to define and incorporate relevant sustainability requirements into specifications; use of Sustainability and Environmental Minimum Requirements Works Information where appropriate; consideration of whole life value; subsequent evaluation of tender submissions against agreed sustainability, environmental and social value criteria; and managing the contracts to ensure environmental, economic and social sustainability obligations are delivered.

GGC goal: Nature recovery and action planning

Our corporate estate is small and leased, so we have limited scope for nature recovery and biodiversity action planning. However, HS2 can have a significant effect on nature recovery and our Environmental Sustainability Progress Report (ESPR) sets out our biodiversity accounting data and activities on HS2's green corridor initiative.

GGC goal: Adapting to climate change

As a corporate entity, adapting to climate change is not a significant risk for HS2 Ltd. However, we believe climate to be a principal risk to the business and future operation of the new railway, and have complied with the TCFD recommended disclosures later in this report. We are undertaking extensive work to ensure a resilient railway and have set out our approach in the fourth round of the climate adaptation reporting, which can be found at: www.gov.uk/government/publications/hs2-climate-change-adaptation-and-resilience-report

GGC goal: Reducing environmental impacts from information and communication technology (ICT) and digital data reduction

Our information and technology strategy has sustainability as a core principle: 'Sustainability is a key factor in all government projects to help meet our targets for net zero. We will prioritise technology choices, suppliers and solutions that help reduce carbon emissions, aiming to minimise our environmental impact while embracing innovative and efficient technologies'.

We continue to reduce our environmental impact through several IT initiatives including the following:

- office equipment – as our office spaces change, we will minimise our environmental impact by selecting energy-efficient office IT hardware such as low-power, eco-rated monitors and devices
- extended device hardware life – we will leverage the full range of IT hardware to end-of-life dates, ensuring that devices are only swapped when they genuinely require it
- print removal – we will continue to push towards a 'no-print' culture to reduce our environmental footprint
- application rationalisation – we continue to reduce the number of applications in use across the organisation

Environmental Sustainability Report

continued

Sustainable construction

Sustainable construction is embedded in our way of working. We have rigorous requirements on our supply chain to build an environmentally sustainable railway. This is covered in more detail in our ESPR.

Environmental incidents

There were two corporate environmental incidents reported in 2025/26. They related to oil leaks in our managed properties.

Task Force on Climate-related Financial Disclosures (TCFD) report

Climate change presents unprecedented challenges and the actions we take now will fundamentally affect our lives and the lives of future generations. We consider climate change a principal risk and are committed to minimising the carbon footprint of HS2, building a railway that is climate resilient and delivering zero carbon journeys from day one of operation.

We report on climate-related financial disclosures consistent with HMT's TCFD-aligned disclosure application guidance,¹ which interprets and adapts the framework for the public sector. These disclosures help organisations understand the financial impacts of climate-related risks and opportunities.

We are building a long-term infrastructure project but the organisation has a limited operating, funding, and business planning timeframe. We have assessed climate risks across the full lifespan of the project, including whole life carbon reporting where relevant.

We believe climate to be a principle risk to the business and the future operation of the new railway, and have complied with the TCFD recommended disclosures on:

- governance
- strategy
- risk management
- metrics and targets

We have implemented robust adaptation and mitigation measures from the outset; they are embedded in our design and requirements. For example, all critical systems infrastructure is designed to keep working during a one in a thousand year flood event. Further information on our design and other requirements is set out in our [Adaptation Reporting Power Fourth Reporting Round \(ARP4\) report](#). Our construction contractors are required to significantly reduce carbon both in the design and lifecycle of our assets. This means that many of the physical and transition risks affected existing rail infrastructure are less significant for HS2.

¹TCFD-aligned disclosure guidance for public sector annual reports - www.gov.uk/government/publications/tcf-aligned-disclosure-application-guidance

Environmental Sustainability Report

continued

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

	Our response	Cross-reference to other information sources
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>The board, through the Environmental Sustainability Committee (ESC), provides oversight for making sure we are on track to achieve our carbon reduction targets. It also has oversight of climate risks and opportunities. The committee meets quarterly and will be undergoing a refresh in 2026/27 to become the Environmental, Social, Community and Governance Committee (ESCGC).</p> <p>The Audit and Risk Assurance Committee (ARAC) supports the board by reviewing assurances throughout the company for risk management, assurance and internal controls. The committee meets every two months or as matters arise.</p>	<p>Annual Report and Accounts (2025/26)</p> <p>ESPR (2025/26)</p> <p>HS2 Net Zero Carbon Plan (2022)</p> <p>HS2 Adaptation Reporting Power Fourth Reporting Round (ARP4)</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Our carbon and climate change team ensures carbon reduction and climate change risk, adaptation, and resilience, is embedded across the project. The team develops guidance, policy, requirements and standards for addressing carbon and climate change risk in construction, design and operation, and raises awareness of climate change across the organisation. Risks identified in the climate change risk assessments are integrated in our management processes. The team also assure opportunities identified by our supply chain through our opportunity realisation process.</p> <p>Key risks and opportunities are presented to the relevant executive committee member through monthly business reviews and escalated as required.</p>	<p>HS2 Adaptation Reporting Power Fourth Reporting Round (ARP4)</p> <p>ESPR (2024/25)</p> <p>HS2 Net Zero Carbon Plan (2022)</p>

Environmental Sustainability Report

continued

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Our response

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

We have implemented robust adaptation and mitigation measures from the outset, which are embedded in our design and requirements. This approach has ensured that many physical and transition risks that are pronounced in currently operational rail infrastructure are mitigated and therefore considered to be lower risk for HS2. We regularly reviews our climate risks and have undertaken previous risk assessments to understand and reduce these risks.

Building on previous risk assessments, further work was undertaken in 2025/26 to develop a mature understanding of transition risks, physical risks and opportunities aligned to the TCFD-framework. These risks and opportunities are restricted to risks within the operational boundary of HS2. At this stage, they do not include interdependencies with other infrastructure (e.g. conventional rail). However, interdependencies are considered within our ARP4 report and in our wider risk management and through attendance at sector working groups.

TCFD related risks have been divided into:

- short-term risks – 2030s (considering construction only)
- medium-term risks – 2050s (considering operation/maintenance)
- longer-term risk trends – 2080s (considering operation/maintenance)

The risks and opportunities are shown in Figure 1 on page 38. Materiality for prioritised risks was based on HS2's risk management processes and scoring matrices. In assessing risks, all categories aligned to the TCFD-guidance have been considered.

Environmental Sustainability Report

continued

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Our response

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses operations, strategy, and financial planning.

The risks and opportunities identified have been recorded in HS2's risk management system and are subject to periodic review every three months. We are at an early stage of analysis and we are determining the impact of climate-related risks and opportunities on our operations, strategy and financial planning. However, early analysis shows that there are no significant impacts from the risks identified which would substantially alter or impact on our operations, strategy or finances.

With reference to the top risks in the Governance Statement, there is no top risk directly related to climate change. This is largely because we have implemented robust adaptation and mitigation measures, which are embedded in our design and requirements.

Environmental Sustainability Report

continued

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Our response

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

We undertook an initial climate change scenario analysis this year. This assessed specific risks under two contrasting global climate scenarios using the Network for Greening the Financial System (NGFS): NGFS Orderly Net Zero by 2050 (RCP2.6) and NGFS Hot House World (RCP8.5).

We identified two physical and two transition risks as priority risks based on materiality. In the case of taking forward risks for scenario analysis, materiality also included relevance to the business reset; data and resource availability for scenario analysis; and the ranking of the risk score.

Given that this is an early stage in our development of scenario analysis, and the process of developing our scenario analysis will continue, we are not reporting on the specific outcome of the analysis as these are works in progress. However, the risks taken forward for analysis were:

- climatic impacts on the establishment of green assets
- flood events on legacy construction assets
- impacts from energy price variation during construction phase
- raw material costs

Environmental Sustainability Report

continued

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Our response

Climate change opportunities

We are reviewing our benefits and reporting. As part of this process, we have mapped our identified TCFD opportunities to our benefits, which is an ongoing process as we develop a revised business case to align with our reset.

Our principal TCFD opportunities result from building in carbon reduction and climate resilience from the outset of HS2, which has meant there are many opportunities that can be realised, including:

- unlocking energy efficiency and cost savings
- cutting embodied/whole-life carbon
- driving decarbonisation, including through innovation
- shared knowledge
- improved resilience of the UK rail network to climate change
- improved service reliability due to embedded climate change design standards

The full description of these opportunities is set out in the climate related risks and opportunities chart on page 38.

Environmental Sustainability Report

continued

Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks

Our response

Cross-reference to other information sources

a) Describe the organisation’s processes for identifying and assessing climate-related risks.

We have implemented an enterprise risk framework in line with the ISO 31000:2018 standard. Risks are identified in relation to our objectives for both programme delivery and railway operations. Environment and operational performance are two of the eight categories against which risks are assessed. Our risk framework allows us to consider climate from both near and long-term perspectives.

HS2 Adaptation Reporting Power Fourth Reporting Round (ARP4)

Our physical risk identification and assessment practices for climate adaptation are outlined in our adaptation reporting power (ARP) reports. Climate risk has been assessed throughout our planning and design stages. The HS2 Environmental Statements assessed climate and carbon-related risks spanning design, construction and operation. The assessments considered embedded mitigations in HS2 infrastructure and assets and determined any potential significant effects.

Our bespoke Climate Change Design Impact Assessment (CCDIA) assesses the physical risks for each asset and the associated design life in isolation. The methodology uses the latest quantitative UK Climate Projection (UKCP) data analysis, together with qualitative assessments of expert consultation, to determine the size and scope of climate-related physical risk. We require each contract to review CCDIA guidance and perform site-specific climate risk assessments, which are assured by our carbon and climate change team in the submission of Climate Change Adaptation and Resilience Reports (CCARR). The CCDIA process ensures climate-related risks are identified, assessed and reviewed throughout programme design.

Additionally, our Climate Change Resilience and Interdependencies Assessment (CCRIA) allows us to identify indirect physical risks on interdependent infrastructure and services.

Work has been undertaken in 2025/26 to develop a more mature understanding of transition and physical risks and opportunities aligned to the TCFD-framework as outlined in the strategy section. The risks and opportunities were developed building on the work undertaken in 2024/25 through workshops with key stakeholders across the business. Further discussion with risk owners/subject matter experts was held to ensure that risks were correctly described and scored as per our Enterprise Risk Framework.

Environmental Sustainability Report

continued

Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks

Our response

Cross-reference to other information sources

b) Describe the organisation’s processes for managing climate-related risks.

Our risk management procedure provides a consistent approach for managing all risks and opportunities, aligned to TFCF recommendations. High severity risks are reviewed monthly, with entire risk registers reviewed quarterly.

HS2 Adaptation Reporting Power Fourth Reporting Round (ARP4)

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.

HS2 has an enterprise risk framework in line with the ISO 31000:2018 standard as described in our governance statement. It provides integrated, consistent processes and systems for the efficient and proactive management of risk across the programme, including climate-related risks.

Annual Report and Accounts (2025/26)

Environmental Sustainability Report

continued

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Our response

Cross-reference to other information sources

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We have been industry sponsor for a cross-sector project led by the Rail Safety and Standards Board (RSSB) that aims to develop appropriate metrics for climate adaptation that can be used across the sector. This work finished at the end of 2025. We have broad compliance with the ‘basic’ metrics for climate change adaptation and resilience (for example, having an adaptation plan, adaptation reporting, adaptative capacity assessment score etc.). During the design stage, we monitor the number of Climate Change Adaptation and Resilience Reports (CCARR) assured by the climate change team. Designers and contractors are required to update CCARRs as the design stage develops or asset designs change. Due to the staging of contracts, one CCARR was submitted in the 2025/26 reporting year. We will continue to monitor this.

We report on Scope 1, 2 and 3 carbon emissions as demonstrated in the section below.

We have completed a review of our metrics and targets this year, aligned with our identified TCFD risks and opportunities. The review considered specific metrics and targets for priority risks (see Strategy). We will further develop our metrics and targets, including for priority risks, for future reporting.

Environmental Sustainability Progress Report

HS2 Net Zero Carbon Plan (2022) page 10

Environmental Sustainability Report

continued

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Our response

Cross-reference to other information sources

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gases (GHG) emissions, and the related risks.

Scope 1, 2 and 3 GHG emissions, calculated in line with GHG protocol, are provided in both the ESPR 2023/24 (supply chain) and Annual Report and Accounts 2024/25 (corporate), as shown in the table below. Given the nature of the HS2 project, the most material aspect we report on is the forecast wholelife carbon footprint of the project and progress our contractors have made to reduce it.

HS2 Environmental Sustainability Progress Reports

Reported metrics			Reporting location
Scope 1	Scope 2	Scope 3	
Gas	Electricity	Domestic air travel	Annual Report and Accounts Environmental Sustainability Report (i.e. this document)
Fleet		Rail/underground/tram	
		Bus/coach	
		Taxi	
		Hire Car	
		Private vehicle – owned by staff	
		Electricity	HS2 Environmental Sustainability Progress Reports
		Forecast whole life carbon footprint for the railway	
		Energy and fuel use by contractors (consumption data only)	

Bold = most material

Environmental Sustainability Report

continued

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

HS2 response

HS2 Ltd’s performance contributes to the DfT’s Greening Government Commitments (GGCs).

We have set our design and build contractors a target of a 50% reduction against their forecast whole life carbon footprint. This is our most material metric.

We have an ambition that 100% of rail operations are powered by zero carbon electricity from the start of operations. A value-for-money exercise will be undertaken as part of the energy procurement process.

We will continue to work to determine appropriate targets consistent with the risks and opportunities identified and with the metrics and targets review, both undertaken this year as set out in previous sections.

We report environmental progress each year in our ESPR. These reports will continue to show progress against our targets and commitments.

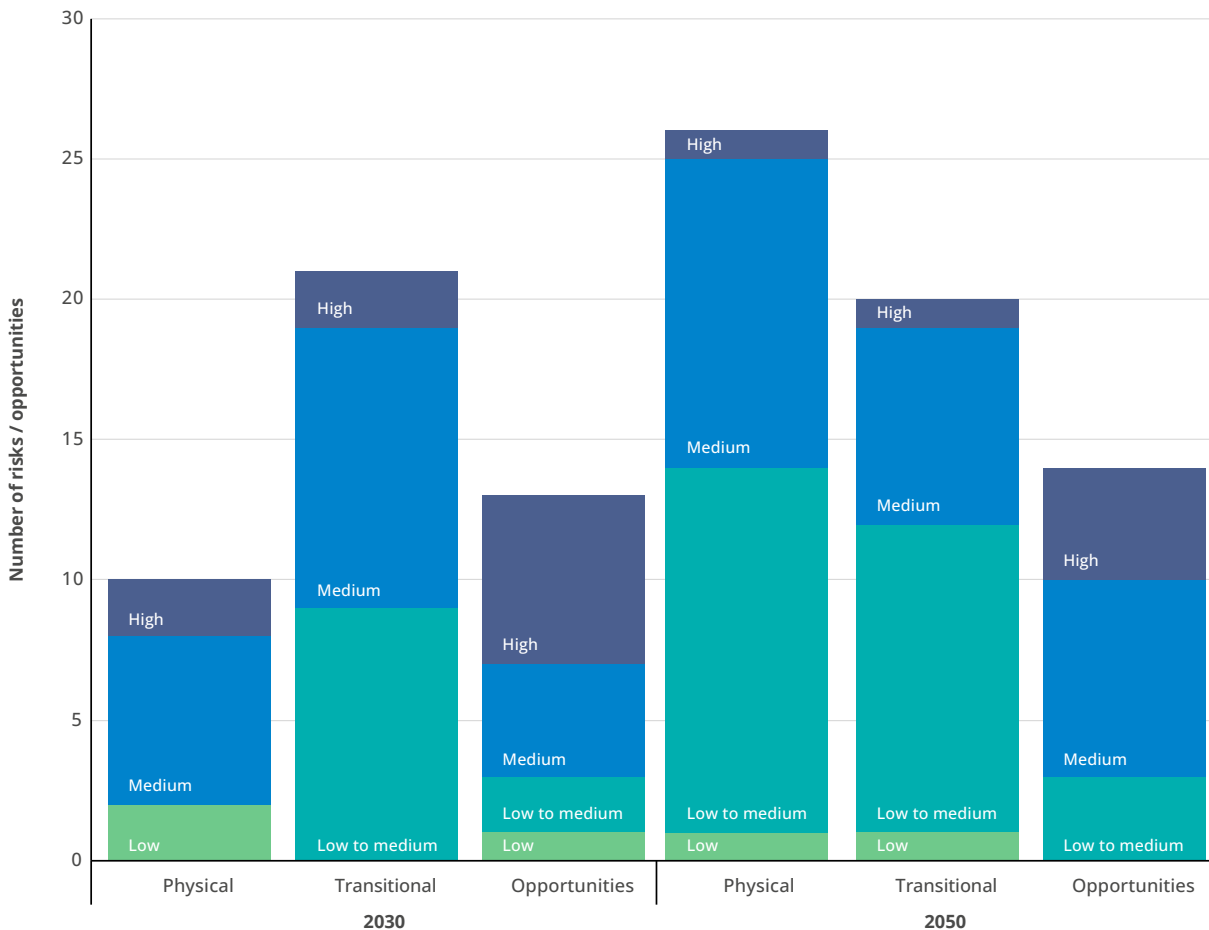
Cross-reference to other information sources

HS2 Environmental Sustainability Progress Reports

Environmental Sustainability Report continued

Climate related risks and opportunities

Short term (2030) vs medium-term (2050) risk and opportunity scores



Prioritised risks:

(Physical)

- Failure of legacy water assets (i.e. existing but taken over by HS2) due to increased flooding
- Failure of green asset establishment during construction and/or increased vegetation management during operation
- Extreme weather may delay construction

(Transitional)

- Increased cost of transitioning to low carbon technologies over business-as-usual solutions
- Increased cost of imported materials due to the Carbon Border Adjust mechanism tax
- Increased cost of electricity due to increased market demand for zero carbon electricity
- Workforce skills to implement carbon/climate change objectives not readily available

Prioritised opportunities:

- Efficiency and cost savings related to carbon reduction
- Cutting embodied carbon for sustainable value, resource security, and public trust in infrastructure
- Energy resilience and innovation through low carbon energy adoption
- Facilitating cross sector collaboration through shared knowledge
- Improved resilience of the UK rail network to climate change
- Climate resilience embedded into HS2 design improves service reliability in extreme weather

■ Taken to scenario analysis (based on materiality - see Strategy section c on page 31).

Non-Financial Information

Health, Safety, Wellbeing and Security

HS2 is one of Europe's largest construction programmes, with about 30,000 people working across more than 350 sites. Keeping every one safe is not a target – it is the foundation of all our work.

With HS2 Ltd operating under a bridge-year Health and Safety Plan during 2025/26, we built on previous progress to improve performance, strengthen the foundations of managing safety across the programme, and establish the conditions for sustained improvement.

Injury rates improved across several key categories. We strengthened occupational health monitoring, expanded mental wellbeing support, and the Health, Wellbeing, Safety and Security Committee was reinforced with independent oversight. The process of embedding lasting change continues, and the year ahead will build on the progress already made.

Serious incident and learning

In September 2025, at Green Park Way, west London, a serious incident took place during a lifting operation. No one was injured, but the incident required an immediate response.

We brought all works across the London tunnels section to a safe stop while a comprehensive safety review was carried out. Working with joint venture partner SCS, we reviewed lifting procedures, change management controls and sling arrangements across all relevant sites. Sites reopened by mid-November with enhanced procedures and protocols in place. SCS performance has improved in the six months following the incident compared with the previous six months, with fewer incidents and an increased health and safety performance score.

The incident reinforced the need to embed safe systems of work in how teams operate. Lessons from the review have been shared programme-wide.

Workforce safety performance

Total hours worked during 2025/26 decreased to 66 million. However, this reduction does not equate to lower risk. As the programme moves into a more intensive phase, the nature of safety risk is changing and the overall risk level remains high.

We achieved a final HSPI index of 2.38 against a target of 2.30. Injuries reduced from 460 to 379, which is in line with the decrease in hours worked. Our Lost Time Injury Frequency Rate (LTIFR) is 0.11, an improvement on last year's 0.16 (March 2025). LTIFR incidents fell from 112 in 2024/25 to 76 in 2025/26. Our Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) Frequency Rate (AFR) is 0.04, an improvement on last year's 0.06 (March 2025).

Injury rates improved against the previous year across several categories. Performance in slips, trips and falls, working at height, and vehicle movements – the three highest-risk categories – showed improvements. While this reflects the impact of targeted interventions, we do not regard this performance as sufficient. The plateau reached in recent years cannot be broken without fundamental changes in how the programme operates as a client.

Road safety

We recorded 148 road-related incidents during 2025/26. Road safety remains a priority due to the scale of construction traffic and the interaction between construction vehicles and the public on local roads. A road safety improvement programme was initiated following a review of traffic management arrangements, with particular focus on haulage routes, site access points and contractor management.

Non-Financial Information continued

There have been two tragic road-related fatalities involving members of the public:

- EKFB (25/06/25) – a minibus being delivered to site was involved in a collision with a motorcycle
- SCS (19/03/26) – a rubber-tyred dumper turned into a road near our Canterbury works site; a pedestrian crossed in front of the vehicle and tripped

Occupational health and wellbeing

Occupational health continued to receive sustained attention during the year. Exposure to noise, vibration and dust remains the highest-risk category for long-term health issues. We strengthened monitoring across main works civils contracts and introduced enhanced reporting to support earlier identification of over-exposure.

Mental health and wellbeing were also prioritised. Access to wellbeing support was expanded, and we have retendered our occupational health service contract to ensure the quality of advice and support provided to employees. We continue to recognise that mental wellbeing is as important as physical safety.

Safe at Heart and our evolving approach

Safe at Heart is our health and safety commitment – built on a shared responsibility for everyone working on the programme to stay safe and well.

During 2025/26, we began reshaping how this commitment is applied. This has included adopting an intelligent client approach to safety, collaborating more deeply with the supply chain, and developing a four-year improvement roadmap. Safe at Heart provides the enduring framework for planning, implementing and reviewing sustained change across the programme.

Governance and oversight

The Health, Safety and Security Committee, independently chaired by Dame Judith Hackitt and expanded to five members during the year, met five times. The committee reviewed the Green Park Way incident and subsequent SCS programme-wide safe stop, and provided independent oversight of the Bridge Year Health and Safety Plan and the development of the revised Safe at Heart approach. The committee findings are reported directly to the board.

Security and protest activity

The project continued to experience relatively low levels of thefts and other security events with illegal protest all but ending. We worked closely with police along the route and deployed specialist security teams to gather intelligence, and reduce trespass and interference with construction works. No security incidents resulted in material delay. We continued to work with British Transport Police, Network Rail and other partners to manage risks and share learning with other major infrastructure programmes.

Looking ahead

The safety record in 2025/26 reflects a concerted effort across a programme of major scale and complexity. It also reflects how much further there is to go – this work will continue through the years ahead. Sustained improvement will depend on discipline, strong leadership and consistently applying standards.

Non-Financial Information continued

Fraud, bribery, corruption and whistleblowing

We recognise fraud is a serious risk in construction, and as UK’s largest infrastructure programme, HS2 requires significant focus on protecting public money from this risk.

Our counter fraud and investigation function’s objective is to prevent and investigate fraud and error, bribery and corruption. We act quickly if we detect suspicious activity.

During 2025/26, we invested increased resources to improve outcomes and strengthen our management of fraud and error, bribery and corruption risk. We have:

- improved prevention and detection
- introduced more comprehensive investigation procedures and strengthened our investigation teams
- implemented comprehensive fraud risk management initiatives including significantly improved compliance with Government Functional Standard 013

Our counter fraud and investigation function works alongside our developing Actual Cost Assurance (ACA) Strategy to help ensure public money is spent appropriately and accountably. The ACA Strategy provides a framework for improving the way programme costs are assured at HS2 Ltd and our Tier 1 contractors, challenging the cost impacts of future management decisions and providing the accounting officer with evidence that costs are being controlled.

Prevention and detection

We are investing in new counter fraud data analytics to replace the current system. This will fully integrate with the ACA digital platform, provide advanced analytics and intelligence capabilities and a full case management system to support prevention, detection and investigation.

We use technology to assist costs reconciliation and identify disallowable costs, anomalies and fraud and error. We are refining our fraud indicators and algorithms, including the use of artificial intelligence, to make additional improvements.

We promote our Speak Out whistleblowing policy to encourage employees, contractors and the public to report suspicions or allegations of fraud and malpractice.

We work with our supply chain to assess the effectiveness of controls to prevent fraud and error, and use proactive investigations to demonstrate our ability to combat and prevent fraud.

Improved counter fraud and cost verification activity has resulted in a significant increase in the reporting of prevented, detected and recovered fraud and error. For 2025/26,¹ they were:

Prevented	Detected	Recovered
£2.4m	£35.43m	£34.73m

The recovery of detected fraud and error will lag, with all reasonable steps being taken to recover identified amounts.

¹Prevented fraud and error are ineligible claims for payment that are avoided. Detected fraud and error is identified after payment has been made. Recovered fraud and error is recouped after payment.

Non-Financial Information continued

The identified fraud and error forms part of the risk-based approach to minimise future losses, but it is not a representative basis to estimate total losses. As outlined in the top risks and mitigations (pages 69 to 75), procurement and supply chain expenditure are the greatest areas of fraud and error risk.

To assist with risk management and governance arrangements, we are developing a methodology for estimating fraud and error. The methodology is underpinned by government guidance and involves using fraud risk assessments, cost verification audits, and spend by activity to quantify the estimated values of identified fraud and error. The methodology will use benchmarking, modelling, and statistically valid sampling.

Any estimate will be dependent on modelling assumptions and sampling techniques and will be used to drive policy development and targeted activity.

Investigations

We have increased our capability and capacity to investigate suspected fraud and error, bribery, corruption and ethical issues identified through whistleblowing procedures and intelligence gathering.

We have implemented new investigatory processes and procedures to increase quality and consistency, efficiency and better outcomes.

We have revised our whistleblowing policy to improve reporting and handling procedures.

We have improved oversight of key investigations enabling the business to be better informed, and improved management information and monitoring to drive efficiencies and oversight.

In 2025/26, we appointed a new head of counter fraud and investigations with significant experience of investigations into economic, serious and organised crime. We also increased our investigations team from seven to 13, with an additional two staff planned.

We oversaw main works contractor Balfour Beatty VINCI's (BBV) investigation following whistleblower reports concerning the employment status of workers supplied by the Danny Sullivan Group. As a result, BBV terminated its labour supply contract with the Danny Sullivan Group.

We continue to carry out further investigations into labour supply arrangements across the wider supply chain.

In 2025/26, we received 267 whistleblowing concerns through our Speak Out function – a 67% increase on 2024/25. We closed 362 cases during the year. Where appropriate, investigations have resulted in action being taken and a review of processes and procedures to mitigate ongoing risks.

Whistleblowing related to a wide range of matters, primarily related to fraud and error, bribery and corruption, conflicts of interest, safety and employee relations.

Fraud risk management

We have worked closely with joint ventures and central functions to complete a programme of fraud risk assessments on key areas of spend to identify risk, assess the effectiveness of controls in place to mitigate them, and introduce measures to combat them. The detailed approach taken has been graded as meeting the 'good' standard following assessment by the Public Sector Fraud Authority and has created a platform for assessment of other areas of major spend.

We continue to work with the Public Sector Fraud Authority, the DfT, other government bodies and the supply chain to identify opportunities to improve the detection, prevention and investigation of fraud and error, bribery and corruption.

We introduced initial fraud impact assessments in new areas of spend to enable evaluation of fraud risks at the earliest stage. We have enhanced our capacity and capability and will do so further in 2026/27.

Non-Financial Information continued

We revised our governance and reporting procedures to ensure our resources are used to target the right priorities and that we achieve value and positive outcomes.

Counter fraud training for all new starters was refreshed and we introduced mandatory 12 monthly refreshers for all staff to ensure fraud awareness and knowledge is maintained and that whistleblowing is highlighted.

We further strengthened our compliance with Government Functional Standard 013 by enhancing governance, strategy, fraud risk assessments, action planning, reporting routes, loss reporting and gifts and hospitality procedures.

Building on the fraud risk assessment (FRA) programme, we will work more collaboratively with joint ventures in 2026/27 to learn lessons, share best practice, formalise more effective working and reporting procedures, get a greater understanding of fraud risks and improve the collective response to the threat of fraud to HS2.

We will also expand our FRA programme to include other key spend areas such as stations.

Working with stakeholders and improving detection, investigation and risk management, we will ensure our counter fraud capability achieves faster outcomes aligned to our ACA strategy.

We are building on the progress of the last 12 months with a new three-year strategy for 2026–2029, ensuring we adapt to the threat of fraud.

The counter fraud and investigations function is overseen by the chief financial officer and a senior officer, and is overseen by the Audit and Risk Assurance Committee (ARAC).

Community engagement

Planning and building the railway is disrupting the lives of local people. We will always try to do the right thing and reduce disruption as much as we can. Our approach is set out in our community engagement strategy, Respecting People, Respecting Places. The strategy describes how we will inform, involve and respond to communities as we build the railway, and includes the commitments we will use as the basis to measure our performance

Independent Residents' and Construction Commissioner

In April 2025, the roles of HS2 Construction and Residents' Commissioners were merged. The independent Residents' and Construction Commissioner oversees and monitors our community engagement strategy, making sure we fulfil our commitments. The commissioner monitors the way we manage and respond to complaints about construction and advises members of the public how to make complaints. The commissioner helps settle disputes involving individuals and organisations that we cannot resolve. The commissioner's report and our responses can be found at: www.gov.uk/government/collections/independent-hs2-commissioner

Non-Financial Information continued

Disclosure of confidentiality agreements

We are committed to disclosing in the Annual Report and Accounts the number of confidentiality agreements we have entered. We engage in confidentiality agreements with organisations and individuals. The agreements are often necessary to allow information to be provided without the risk of it becoming publicly accessible during the specified period. For 1 April 2025 to 31 March 2026, we entered 30 confidentiality agreements. This does not include standard confidentiality clauses in contracts with our workforce.

Information requests

Our performance in meeting our obligations under the Freedom of Information (FOI) Act 2000 and Environmental Information Regulations (EIR) during 2025/26 is set out here.

	FOI	EIR	FOI and EIR	Total
Requests received	106	249	0	355
Requests responded to on time	103	246	0	349
Requests responded to outside of statutory timeframes	3	3	0	6
Requests received in 2025/26 that remained open at the end of the reporting period	0	0	0	0

Section 172 (1) Statement

This statement sets out that the directors of the company have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, as required under the Companies Act 2006.

In exercising their duties to promote the success of the company, the directors have considered:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly between members of the company

Further detail on how the directors have met these requirements are evidenced in the Environmental Sustainability Report, Community Engagement Report and key performance indicators sections of the Strategic Report, as well as in the Directors' Report and Governance Statement in the Corporate Governance Report.

Approved by the board on 25 June 2026
and signed on 3 July 2026 on its behalf by:



Mark Wild

Chief Executive Officer
High Speed Two (HS2) Ltd

Corporate Governance Report

Directors' Report	47
Statement of Directors' and Accounting Officer's Responsibilities	49
Governance Statement	50
Remuneration and Staff Report	80
The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament	91

Directors' Report

The directors present their report together with the financial statements of the company for the year ended 31 March 2026. The company is registered in England and Wales and has the registration number 06791686.

Directors who have held office on the board between 1 April 2025 and 31 March 2026 are as follows:

- Mike Brown CBE MVO, chair, non-executive director (appointed 14 July 2025)
- David Goldstone CBE, non-executive director¹
- Elaine Holt, deputy chair and non-executive director²
- Ian King CBE, non-executive director³
- Rob McIntosh OBE, non-executive director (appointed 1 January 2026)
- Anne McMeel, non-executive director (appointed 1 January 2026)
- Stephen Murphy, non-executive director (appointed 1 January 2026)
- Dr Olawale Nelson Ogunshakin OBE, non-executive director
- Neil Reynolds, non-executive director (appointed 3 December 2025)
- Keith Smithson, non-executive director
- Fabienne Viala de Lisle, non-executive director (appointed 3 December 2025)
- Simon Wills, non-executive director (appointed 3 December 2025)
- Mark Wild OBE, chief executive officer, executive director
- Alan Foster, chief financial officer and deputy chief executive officer, executive director⁴
- Emma Head, chief railway officer, executive director

During 2025/26, Dame Judith Hackitt continued to serve as an independent chair of the Health, Safety and Security Committee to ensure the committee remained effective and met best practice.

Joanna Davinson's appointment as non-executive director ended on 3 December 2025.

Stephen Hughes' appointment as non-executive director ended on 3 December 2025.

Roger Mountford's appointment as strategic adviser to the board ended on 31 May 2025.

Conflicts of interest: The board

We are committed to ensuring openness and transparency in our operations and decision-making processes. Board members are required to declare any actual or potential conflicts of interest on appointment and throughout their tenure. All declared interests are recorded in the Register of Board Members' Business Interests on our website quarterly www.gov.uk/government/organisations/high-speed-two-limited/about/our-governance#register-of-business-interests

During board and committee meetings, members must declare any interests relevant to the matters being considered. Where a conflict is identified, the member abstains from the relevant discussion or decision, and the declared interest is recorded in the register.

Duty to promote the success of the company

Board members fulfil their duty to promote the company's success by prioritising its best interests in all decisions, recognising their individual and collective responsibility to maintain strong relationships with stakeholders. Further details on the board's role and decision-making are provided in the Governance Statement and the Framework Document which can be found at: [HS2 Ltd framework document \(August 2022\) - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103444/HS2-Ltd-Framework-Document-August-2022.pdf)

¹ David Goldstone is a HMT nominee to the board.

² Elaine Holt chaired meetings of the board in the capacity of deputy chair from 1 April 2025 to 13 July 2025.

³ Ian King is a Secretary of State representative to the board.

⁴ Alan Foster, executive director – appointment ended on 6 April 2026.

Directors' Report continued

Principal activities

The principal activities of HS2 Ltd are set out in the Strategic Report under the Business Model section on page 9.

Dividends

As a company limited by guarantee, it is not permissible to pay a dividend.

Directors' third-party indemnity provisions

The government's standard indemnity for board members applies, as set out in Managing Public Money, Annex 5.4, Box A5, 4B. This states: 'The government has indicated that an individual board member who has acted honestly and in good faith will not have to meet out of his or her personal resources any personal civil liability, including costs, which is incurred in the execution or the purported execution of his or her board functions, save where the board member has acted recklessly.'

Company policy on payment of creditors

HS2 Ltd complies with the Procurement Act 2023 requiring authorities to pay undisputed invoices within 30 days of receipt. Monitoring of payments made during the year ended 31 March 2026 shows that 95% of approved invoices were paid within 30 days of invoice received date (2024/25: 93%). No claims were made against HS2 Ltd in 2025/26 (2024/25: zero) for the late payment of invoices under the Late Payment of Commercial Debts (Interest) Act 1998.

Charitable and political contributions

During the year, HS2 Ltd made no charitable or political contributions. We have two charity partners that the company works with, and staff may use their volunteering days to support these charities. HS2 Ltd provides no financial contributions to either partner.

Likely future developments

Likely future developments are included in the Business Model section on page 9.

Disclosure of information to auditors

As far as the directors and the accounting officer are aware, there is no relevant audit information of which the auditors are unaware. The directors and accounting officer have taken all necessary steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the board on 25 June 2026 and signed on 3 July 2026 on its behalf by:



Mark Wild
Chief Executive Officer
High Speed Two (HS2) Ltd

Statement of Directors' and Accounting Officer's Responsibilities

Summary

The directors and accounting officer are responsible for ensuring the Annual Report and Accounts and financial statements are prepared in accordance with applicable law and regulations and that proper accounting records are maintained that disclose, with reasonable accuracy at any time, the financial position of HS2 Ltd and which enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors and accounting officer are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of HS2 Ltd and of its income and expenditure, statement of financial position and cash flows for the financial year. In preparing accounts, the directors and accounting officer are required to comply with International Financial Reporting Standards (IFRS) and additional disclosure requirements contained in the Government Financial Reporting Manual (FRoM), where these are compatible with the requirements of the Companies Act, and in particular to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a consistent and reasonable basis

- confirm that applicable accounting standards as set out in the FRoM have been followed and disclose and explain any material departures in the financial statements
- ensure that the Annual Report and Accounts are fair, balanced and understandable
- prepare the financial statements on a going concern basis

The DfT's principal accounting officer, acting on behalf of HMT, has designated the chief executive officer of HS2 Ltd as its accounting officer.

This includes the responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding HS2 Ltd's assets, as set out in Managing Public Money published by HMT.

Fair, balanced and understandable requirement

The accounting officer confirms that the Annual Report and Accounts are fair, balanced and understandable, and takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

Governance Statement

Accounting officer's introduction

Role of the accounting officer

The accounting officer (AO) role is set out in the Framework Document. The AO is responsible for signing the financial statements supported by the board and Audit and Risk Assurance Committee, ensuring accurate records are maintained, and that the accounts are prepared in accordance with directions issued by the Secretary of State. The AO also signs the Strategic Report, Directors' Report and the Remuneration and Staff Report following board approval, and ensures HS2 Ltd maintains effective complaints procedures, available at www.hs2.org.uk/contact-us/how-to-complain/

The HS2 Ltd Board

The board typically meets monthly, or otherwise as required. The role of the board is set in the context of overarching documents including the HS2 Ltd Articles of Association, Framework Document, Development Agreement and Bridging Protocol. It is responsible for:

- ensuring HS2 Ltd delivers its strategic aims, objectives and obligations, as set out in the overarching governance documents
- ensuring HS2 Ltd provides a once-in-a-generation investment in the UK's transport infrastructure
- ensuring HS2 Ltd delivers the core benefits of the programme and makes best efforts to enable wider benefits of the programme
- providing strategic guidance on the discharge of HS2 Ltd's duties, and approving its vision, mission and values
- ensuring effective governance of HS2 Ltd, so the company makes the right decisions at the right time
- monitoring performance and risk, making choices or recommendations to ministers on HS2 Ltd's priorities and risk appetite to meet its strategic objectives

- ensuring that HS2 Ltd delivers the HS2 programme safely, economically and efficiently, offering best value for money for taxpayer funds, and delivers to its schedule
- overseeing relations with stakeholders and commercial partners
- endorsing the company's Corporate Plan, Business Plan, corporate policies and strategy, delivery strategies and budget proposals
- approving key expenditure, contractual proposals, remuneration policy and/or corporate reorganisation proposals

All non-executive directors of the board are appointed by the Secretary of State, subject to agreement by the Chief Secretary to HMT and the Prime Minister. All non-executive, public appointments are made in line with the Code of Practice for Ministerial Appointments to Public Bodies. Each committee shall be chaired by independent and appropriately qualified non-executive directors of the HS2 Ltd Board (unless otherwise agreed with the department). The chief executive officer, chief railway officer and chief financial officer are executive directors.

The Framework Document sets out the roles, responsibilities and accountabilities of the chair, deputy chair, board members, chief executive officer and accounting officer.

Governance arrangements have been reviewed by the chair, the board and the executive during the reporting year. Since the start of the 2026/27 financial year the board committee meetings structure has changed in response to recommendations from James Stewart's independent governance review.

Board commitment and attendance

Biographies of board members are published on the [HS2 website](#). Their appointment or termination dates are set out below. Details of their contractual commitments and remuneration are disclosed in the Remuneration and Staff Report on pages 80 to 90.

Governance Statement continued

Members' attendance at board and committees

The table below presents board members' attendance at board and committee meetings held during the reporting year. Attendance figures reflect the maximum number of meetings each member was eligible to attend. Where a member's eligible meeting count is lower than the total number convened, this is due to either recorded apologies or changes in membership during the reporting year.

Board member	HS2 Ltd Board	Audit and Risk Assurance Committee	People Committee	Commercial and Investment Committee	Health, Safety and Security Committee	Environmental Sustainability Committee	Finance and Performance Committee
Number of meetings attended/Number of eligible meetings							
Mike Brown Chair and non-executive director ¹	13 of 13				4 of 4		6 of 7
David Goldstone Non-executive director	14 of 17	6 of 7					6 of 8
Elaine Holt Deputy chair and non-executive director ²	17 of 17		5 of 5		5 of 5		8 of 8
Ian King Non-executive director	15 of 17		5 of 5			3 of 3	8 of 8
Rob McIntosh Non-executive director ³	2 of 3				1 of 1		2 of 3
Anne McMeel Non-executive director ⁴	3 of 3						2 of 3
Stephen Murphy Non-executive director ⁵	3 of 3				1 of 1		3 of 3
Dr Olawale Nelson Ogunshakin Non-executive director	17 of 17			7 of 7			8 of 8
Neil Reynolds Non-executive director ⁶	4 of 4			1 of 1		1 of 1	3 of 3
Keith Smithson Non-executive director	16 of 17	7 of 7				3 of 3	8 of 8
Fabienne Viala de Lisle Non-executive director ⁷	4 of 4			1 of 1		1 of 1	3 of 3
Simon Wills Non-executive director ⁸	4 of 4				1 of 1	1 of 1	3 of 3

¹ Mike Brown, chair, non-executive director, was appointed on 14 July 2025.

The chair has prioritised attending ARAC meetings alongside members of the committee.

² Elaine Holt chaired meetings of the board in the capacity of deputy chair from 01 April 2025 to 13 July 2025.

³ Rob McIntosh, non-executive director, was appointed on 1 January 2026.

⁴ Anne McMeel, non-executive director, was appointed on 1 January 2026.

⁵ Stephen Murphy, non-executive director, was appointed on 1 January 2026.

⁶ Neil Reynolds, non-executive director, was appointed on 3 December 2025.

⁷ Fabienne Viala de Lisle, non-executive director, was appointed on 3 December 2025.

⁸ Simon Wills, non-executive director was appointed on 3 December 2025.

Governance Statement continued

Board member	HS2 Ltd Board	Audit and Risk Assurance Committee	People Committee	Commercial and Investment Committee	Health, Safety and Security Committee.	Environmental Sustainability Committee	Finance and Performance Committee
Number of meetings attended/Number of eligible meetings							
Mark Wild Chief Executive Officer Executive director	16 of 17						7 of 8
Alan Foster Chief Financial Officer and Deputy Chief Executive Officer, Executive director ⁹	15 of 17						7 of 8
Emma Head Chief Railway Officer, Executive director	15 of 17						8 of 8
Dame Judith Hackitt Independent chair					5 of 5		
Joanna Davinson Non-executive director ¹⁰	11 of 13		2 of 3	5 of 6			4 of 5
Stephen Hughes Non-executive director ¹¹	10 of 13	3 of 5	1 of 1	6 of 6			5 of 5
Roger Mountford Strategic adviser to the board ¹²	1 of 1						1 of 1

Changes to board membership

In the reporting year, the following changes were made to board membership:

- Elaine Holt chaired meetings of the board in the capacity of deputy chair from 1 April 2025 to 13 July 2025
- Mike Brown, chair, non-executive director, was appointed on 14 July 2025
- Neil Reynolds, non-executive director, was appointed on 3 December 2025
- Fabienne Viala de Lisle, non-executive director, was appointed on 3 December 2025
- Simon Wills, non-executive director, was appointed on 3 December 2025
- Rob McIntosh, non-executive director, was appointed on 1 January 2026
- Anne McMeel, non-executive director, was appointed on 1 January 2026
- Stephen Murphy, non-executive director, was appointed on 1 January 2026
- Joanna Davinson, non-executive director, appointment ended on 3 December 2025
- Stephen Hughes, non-executive director, appointment ended on 3 December 2025
- Roger Mountford, strategic adviser to the board, appointment ended on 31 May 2025

⁹ Alan Foster, executive director, appointment ended on 6 April 2026.

¹⁰ Joanna Davinson, non-executive director appointment ended on 3 December 2025.

¹¹ Stephen Hughes non-executive director appointment ended on 3 December 2025.

¹² Roger Mountford, strategic advisor to the board, appointment ended on 31 May 2025.

Governance Statement continued

Personal data related incidents

There have been no personal data related incidents requiring notification to the Information Commissioner’s Office (ICO) in 2025/26.

Corporate governance principles

As a non-departmental public body, HS2 Ltd seeks to comply with the principles of HMT’s *Corporate Governance in Central Government Departments: Code of Good Practice 2017*.

Compliance with the UK Corporate Governance Code 2024

HS2 Ltd applies the relevant provisions of the *UK Corporate Governance Code (2024)* appropriate to a company limited by guarantee with the Secretary of State as sole shareholder.

Governance requirements for HS2 Ltd, including board appointments, risk management and financial controls, are set out in the *Framework Document*. Updated in August 2022, with a further update due to be approved in 2026, it also requires consideration of relevant government functional standards. Board composition is determined through ministerial appointments made in line with the public appointments process.

During 2025/26, HS2 Ltd did not apply provisions 17 and 18 of the code, which relate to nomination arrangements, annual re-election of directors, and oversight of appointments and diversity. The board and People Committee collectively fulfilled the intent of provision 23 of the code.

Departures from the code reflect HS2 Ltd’s statutory governance context and represent a justified temporary deviation. The chair, appointed on 14 July 2025, is leading an organisational governance review in response to the Stewart Review that includes an assessment of HS2 Ltd’s governance structure for 2026/27.

The board remains committed to the Seven Principles of Public Life. As of 31 March 2026, it comprised three executive directors and 11 non-executive directors appointed by the Secretary of State, with scope for up to three additional executive members.

Roles and responsibilities for all board members and accounting officer are clearly defined, and the board maintains a balanced mix of skills across major project delivery, finance, safety and public accountability.

New board members undertake an induction aligned with Cabinet Office and Corporate Governance Code guidance, including engagement with senior leaders and DfT stakeholders, supported by site visits across the programme.

HS2 Ltd continues to ensure transparent governance, effective oversight and strong challenge across the board and its committees.

Board decision-making

Effective, structured decision-making is crucial as the company builds the railway. In 2025/26, the board covered several regular agenda items including:

- updates from the CEO
- updates from DfT senior responsible owner
- updates from each meeting of the board committees
- updates on health and safety, productivity, controls (including finance, fraud and whistleblowing, audit and assurance), human resources, land and property, programme review (including quarterly and annual business reviews), and environmental sustainability
- investment and change approvals
- approval of the Annual Report and Accounts

Other key areas of consideration for the board during the financial year included:

- review of the 2025/26 corporate key performance indicators
- review of strategic risks
- review of the reference case, and cost and schedule ranges
- health and safety strategic intent and progress in meeting health and safety targets
- bridge year and 2026/27 workbank and Performance Management Plan (PMP)

Governance Statement continued

- programme reset, including the methodology for settling outstanding historical supplier payments (on account) and developing the reference case
- updates on Euston (including uplift to Euston Investment Authority in 2025/26 and Euston Development Corporation)
- board ambition and role
- fiscal settlement and specific quarter forecast
- minimum viable railway
- procurement plan and commercial reset
- Washwood Heath depot procurement
- reputation planning and strategic communications approach
- governance framework including revised board and board committees terms of reference
- the James Stewart review
- the operational ringfencing of the Rail Development Directorate

Redacted copies of our board meeting minutes up to March 2026 and the Audit and Risk Assurance Committee minutes up to 5 February 2026 are available <https://www.gov.uk/government/organisations/high-speed-two-limited/about/our-governance>

Management information and quality of data

During the bridge year we focused our management information on in-year performance while the programme was being reset. With this slightly narrower scope, we continued to support delivery teams and the board, the DfT and other stakeholders, helping drive successful delivery of the plan for FY25/26. Towards the end of the year, we enhanced our capability to provide a wider breadth of management information in preparation for the implementation of the revised programme baseline in financial year 2026/27.

At an operational level, our Power BI system remains the source of management information to support delivery and functional teams, integrating comprehensive data from both the supply chain

and HS2 Ltd teams. Our management information and reporting arrangements are reviewed and improved to make the most effective use of our data and technology to better support delivery of the programme.

Board effectiveness

Following the recommendations of the Stewart Review, we have strengthened governance arrangements and refreshed the governance regime, including by creating a new board and committee structure. In March 2026, the board approved its refreshed terms of reference and those of its committees with proposals being developed for the DfT to streamline the government layer of the draft governance landscape. The board also endorsed updated Articles of Association.

The board intends to commission an external board effectiveness review in late 2026. This is strategically timed to allow organisational changes to fully embed and the board to consider external recommendations for improvements before the financial year-end, aligned with business reset activity. The review will complement ongoing work to strengthen the control environment, identified as a priority in the bridge year. This approach reflects our commitment to continuous improvement and the highest standards of corporate governance.

We anticipate the outcomes of this external review will be published in the 2026/27 Annual Report and Accounts, providing stakeholders with insights into the organisation's progress and alignment with best practices.

Governance Statement continued

Board committees

There are six committees of the board with advisory or decision-making delegations, as set out in their terms of reference. Further information about each committee is provided below.

Environmental Sustainability Committee

Schedule

The Environmental Sustainability Committee held its initial meeting of the financial year on 7 August 2025 and convened three times.

Composition and membership

From 1 April 2025, the committee comprised two non-executive directors: Ian King (chair) and Keith Smithson.

As of 31 March 2026, membership increased to six non-executive directors: Ian King (chair), Keith Smithson, Neil Reynolds (appointed 3 December 2025), Fabienne Viala de Lisle (deputy chair (appointed 3 December 2025), Simon Wills (appointed 3 December 2025), and Stephen Murphy (appointed 1 January 2026).

The chief railway officer, a representative from the DfT and a member of the governance team regularly attend meetings. Invitations are extended to other executives to attend, where appropriate, for specific agenda items. The committee can seek expert advice from bodies such as the Environment Agency and Natural England.

Committee responsibilities

The board has delegated the committee to provide assurance and strategic advice on delivering our goal to meet our environmental and sustainable commitments.

The committee provides oversight of our environmental sustainability and community engagement performance. Its role includes reviewing compliance, consents, environmental incidents, and delivery against environmental and sustainability commitments across the programme. It sets strategic direction for environmental policies and targets, oversees the annual Environmental

Sustainability Report, and monitors implementation of the independently certified Environmental Management System to drive continuous improvement. The committee also reviews community engagement performance data and advises on realising broader environmental benefits.

The committee does not cover social sustainability (e.g. equality, diversity and inclusion, or skills, education and employment) or economic sustainability (e.g. regeneration or cost and schedule). The committee has no financial delegation. Any decision endorsed and proposed to be made by the committee that has a cost or schedule impact will be referred to the appropriate governance forum for approval. Sustainability design considerations at the asset level are outside the scope of the committee, as this is within the remit of the Independent Design Panel.

In-year activity

During 2025/26, the committee considered several matters alongside its standing items, including:

- a review and analysis of quarterly environmental performance reports, incorporating supply chain performance data
- analysis of six-monthly updates on carbon and biodiversity metrics
- a review of live environmental risks and issues
- progress on the HS2 community and business funds
- development and delivery of the 2025/26 Environmental Sustainability Progress Report
- consents management updates

Governance Statement continued

Chair's summary

During 2025/26, the committee remained focused on strengthening environmental governance and supporting the organisation in meeting its sustainability objectives. In the year ahead, the committee will continue to build on progress, address key risks, and drive meaningful environmental outcomes for the communities and landscapes affected by the railway. It will continue to support the board in ensuring that the programme is delivered in an environmentally sustainable and socially responsible manner with particular focus on community and stakeholder engagement.

The committee will continue to advance environmental performance and keep sustainability central to the programme. Priority areas post-reset include agreement of our environmental targets and monitoring planning consents, carbon and biodiversity reporting, and asset handover processes. As policies and public expectations evolve, the committee will ensure the organisation responds transparently and effectively.

The committee will continue to provide assurance and challenge across all areas of environmental governance, including supply chain performance, community impacts, mitigations, and compliance with environmental requirements. A key focus will be strengthening the link between strategic objectives and day-to-day delivery, supported by ongoing improvements to environmental management systems. The committee will also support the governance framework for 2026/27 and will ensure effective oversight of HS2's delivery, and enable long-term environment, social and economic benefits.

Finance and Performance Committee

Schedule

The Finance and Performance Committee held its initial meeting of the financial year on 29 April 2025 and convened eight times.

Composition and membership

From 1 April 2025 to 13 July 2025, the committee comprised seven non-executive directors: Ian King (chair), Joanna Davison, David Goldstone, Elaine Holt, Stephen Hughes, Dr Olawale Nelson Ogunshakin and Keith Smithson.

From 14 July 2025 to 2 December 2025, membership increased to eight non-executive directors to include Mike Brown (appointed 14 July 2025).

As of 31 March 2026, membership increased to 12 non-executive directors. This followed the departure of two non-executives, Joanna Davinson and Stephen Hughes on 3 December 2025, and the appointment of six non-executive directors: Neil Reynolds, Fabienne Viala de Lisle and Simon Wills (appointed on 3 December 2025) and Rob McIntosh, Anne McMeel and Stephen Murphy (appointed on 1 January 2026).

The chief executive officer, chief financial officer, chief railway officer, general counsel and a member of the governance team regularly attend the committee. Invitations are extended to other executives to attend for specific agenda items.

Committee responsibilities

The board has delegated authority to the Finance and Performance Committee to scrutinise the delivery of the HS2 core programme against scope, budget and schedule. Its key responsibilities are receiving and reviewing management updates on programme and cost performance, including:

- enterprise summary (key volumetrics, financial progress and milestones)
- control summary (cost and spend metrics, indirect expenditure, risk and design performance)
- sector summary (spend, volumes and milestones across 27 geographic sections)
- programme issues log (new and emerging issues)
- compliance summary (safety, environment, consents, quality and technical assurance)

Governance Statement continued

- in-period financial performance scrutiny of indirect costs

The committee also reviews the following areas on a quarterly basis:

- detailed reviews of any aspect of the programme
- scrutiny of quarterly financial updates on in-year spend, schedule performance, and impacts on estimated cost and delivery timelines
- reviewing and agreeing any interventions or changes to the planned workbank to ensure delivery within the annual financial settlement and recommending such changes to the board before escalation to the DfT's programme performance board

In-year activity

During 2025/26, the committee reviewed consolidated management information and:

- scrutinised monthly and quarterly management information to support continued improvement in reporting quality
- advised the board on financial reports and forecasts to support cost control
- approved quarterly interventions and recommendations for the planned workbank
- reviewed the scope and funding of joint venture work between Greatworth and Southam, including the 19-point improvement plan and design approaches for the green tunnel and stockpile landfilling
- recommended revised committee terms of reference aligned to 2025/26 priorities to the board for approval
- assessed civils design performance, the remaining work required to conclude it, and associated assurance needs

- reviewed the July–September 2025 health and safety performance summary, including key indicators, programme-wide risks, and progress against HSPIs
- considered detailed reviews on main works civils contracts and performance
- reviewed mobilisation of the Euston Delivery Company (EDC) and HS2 Ltd's support to the DfT in respect of Euston

Chair's summary

In 2025/26, the Finance and Performance Committee provided consistent oversight of programme delivery, focusing on scope, budget and schedule. Regular review of monthly and quarterly management information strengthened reporting quality and ensured challenge on financial forecasts, cost trends and programme risks. Quarterly in-depth reviews enabled targeted scrutiny of key areas, including civils design progress, contractor performance and Euston Delivery Company mobilisation.

The committee reviewed necessary adjustments to the planned workbank to ensure alignment with the annual financial settlement and provided recommendations to the board. It also monitored programme-wide compliance across safety, environmental, consents, quality and technical assurance performance, considered emerging risks, and endorsed the committee's updated terms of reference.

Looking to 2026/27, the committee will continue to uphold strong financial discipline, effective performance oversight and transparent governance to support HS2 in meeting its commitments.

Governance Statement continued

People Committee

Schedule

The People Committee held its initial meeting of the financial year on 9 April 2025 and convened seven times – five formally, and two taskforce detailed reviews.

Composition and membership

From 1 April 2025, the committee comprised three non-executive directors: Elaine Holt (chair), Ian King and Joanna Davinson (ended on 3 December 2025).

As of 31 March 2026, membership increased to four non-executive directors: Elaine Holt (chair), Ian King (deputy chair), Fabienne Viala de Lisle (appointed 3 December 2025) and Anne McMeel (appointed on 1 January 2026).

Representatives from the DfT attend under the observer remit. The chief executive officer, chief financial officer, chief people officer, director of business delivery and a member of the governance team regularly attend meetings.

Committee responsibilities

The committee is a delegated decision-making committee of the board. It meets quarterly and more frequently when required, with urgent matters handled by circulation or ad-hoc meetings. The committee operates in line with the Workforce and Remuneration Annex, the HS2 Ltd Senior Pay Controls Framework and HMT's Guidance for Approval of Senior Pay.

The committee provides oversight and assurance of our people and organisational development strategies. It acts as the primary forum for people-related matters across HS2 Ltd and its supply chain. Its remit includes ensuring that reward practices are fair, proportionate and aligned with company purpose, avoiding reward for failure. Local operational decisions are excluded unless they have wider organisational or supply-chain implications.

The committee's key responsibilities include:

- reviewing the quality and completeness of assurances relating to people strategies and activities
- advising on the adequacy of people plans and recommending issues that require escalation to the board
- contributing to and approving workforce, transformation and readiness strategies
- ensuring robust plans are in place for developing and delivering the Equality, Diversity and Inclusion Strategy
- receiving assurance that action plans supporting these strategies are being implemented
- monitoring performance across leadership, culture, capability development, performance management and reward
- approving major workforce reports, including the gender pay gap report and the EDI annual report
- staying informed on significant transformation and readiness programmes affecting the workforce
- reviewing and approving significant organisation changes and people policies
- reviewing annual staff survey outcomes and monitoring organisational culture and culture change.

In-year activity

The year was characterised by significant organisational challenges. Despite these pressures, the committee maintained clear oversight across its remit covering people, reward, workforce planning and organisational capability. While the limitations of HR management information constrained progress in several areas, the committee remained focused on strengthening the foundations required for effective, data-driven decision-making.

Governance Statement continued

Reward, Pay and Performance

The committee oversaw progress on the development of the Reward Strategy, reviewing completed work and planned activity through August 2025. As part of its annual cycle, it considered the 2025 pay award budget and the principles for collective bargaining with the Transport Salaried Staff's Association (TSSA), supported by market and attrition analysis.

It approved changes to the Annual Incentive Plan (AIP) 2025/26, including refinements to goal-setting, threshold payments, and cost and delivery targets, and endorsed updates to the senior pay framework and wider remuneration approach.

Leadership and Senior Pay Governance

The committee reviewed proposed changes to the leadership structure effective from January 2026, approving updates to the senior pay framework governance matrix and considering associated business cases for realignment, senior appointments and remuneration. It also reviewed and approved the six-month update on the senior pay framework, including budget use and the year-end forecast.

Equality, Diversity and Inclusion

The committee reviewed the 2024/25 gender pay gap results, benchmarking performance against previous years and peer organisations, and approved the narrative for internal and external publication. It received updates on progress against the Equality, Diversity and Inclusion Strategy, including interventions delivered in 2025/26 and plans for 2026/27, alongside regular reporting on the senior pay envelope.

Governance and Assurance

The committee identified concerns about the robustness and transparency of management and control frameworks for contractors and third-party resources. Strengthening governance in this area has been recognised as a priority for the year ahead with improvement plans underway.

In addition to its scheduled meetings, the committee convened extraordinary sessions to review progress on taskforce activity relating to organisational capability, central functions, the future people strategy and associated equality impact assessments.

Chair's summary

Throughout the year, the committee noted ongoing challenges relating to the quality of workforce data, the effectiveness of workforce planning and the pace of progress in several strategic areas. In closing the year, the chair emphasised the importance of drawing a line under past difficulties and establishing a renewed commitment to higher standards of performance, assurance and delivery, and welcomed the improvement plans developed and presented by the organisation.

The committee has called for a strengthened focus on producing high-quality data and management information to support effective decision-making and provide the assurance required of a public body of HS2's scale and significance. The company has responded and good progress is being made in improving these critical areas.

Looking ahead, the committee's priorities for 2026/27 include:

- strengthening oversight of remuneration policies to ensure they remain fair, proportionate and aligned with HS2's purpose
- monitoring the improvements in workforce data and planning
- ensuring continued compliance with DfT and HMT frameworks
- overseeing senior leadership pay, including governance of performance-related reward schemes
- monitoring progress on equality, diversity and inclusion, organisational culture and workforce-related disclosures

Governance Statement continued

- supporting development of the zero-based capability and workforce plan, ensuring it reinforces strong governance and helps attract and retain the skills required for the programme
- Strengthening value for money assessments and approvals process for PILON paid for contractual notice periods as part of organisational restructuring

The committee remains committed to supporting the organisation in building the capability, culture and leadership required to complete HS2 safely and efficiently.

Audit and Risk Assurance Committee

Schedule

The Audit and Risk Assurance Committee (ARAC) met for the first time this financial year on 14 April 2025 and held seven meetings.

Composition and membership

From 1 April 2025, the committee had three non-executive directors: Keith Smithson (chair), David Goldstone and Stephen Hughes (ended on 3 December 2025).

As of 31 March 2026, membership increased to four non-executive directors: Keith Smithson (chair), David Goldstone, Simon Wills (appointed 3 December 2025) and Anne McMeel (deputy chair), (appointed 1 January 2026).

The chief executive officer, chief financial officer, head of internal audit and a member of the governance team attend meetings regularly. Representatives from the National Audit Office (NAO) and the Government Internal Audit Agency (GIAA) also attend as observers and contributors. Representatives from the DfT attend under the observer remit. Other attendees join as required.

Committee responsibilities

The board gives the committee responsibility to support it in its duties for issues of risk, assurance and governance. The committee reviews the effectiveness of audit and risk management processes in meeting the board and accounting

officer's assurance needs and reviewing the reliability and integrity of these assurances.

It advises the board and the accounting officer on:

- how the organisation manages risk, controls and governance
- accounting policies and the Annual Report and Accounts, including major judgements, errors found, and the management representation letter to external auditors
- planned and completed work by internal and external audit
- whether management responds properly to audit findings
- assurances relating to corporate governance requirements for the organisation
- proposals for audit, risk management or non audit services
- information and cyber security controls reporting from the Senior Information Risk Owner (SIRO)
- anti-fraud policies, whistleblowing and investigations
- the Management Assurance Statement (MAS) to the DfT

In-year activity

During the year, the committee received regular reports and provided oversight on all matters within its remit. It continued to exercise challenge and scrutiny, with a particular focus on the development and implementation of management's Controls Environment Improvement Programme (CEIP).

The committee's work centred on the CEIP, where strong oversight contributed to material improvements across the programme. The CEIP has four core control domains – financial, programme, commercial and enterprise – and 12 control area categories, which have demonstrated strengthened practice and ongoing capability development. Management substantially completed the agreed actions for 2025/26, resulting in a much improved level of control and assurance. However, further work is required to see control improvements fully

Governance Statement continued

embedded and confirmed by third line assurance from internal audit, and additional improvements delivered to plan as we complete the programme reset.

Control environment improvements are now more consistently embedded across the organisation, supported by more disciplined processes.

Throughout the year, the committee's remit has been to advise the board and accounting officer on direction and progress, with particular focus on:

- the effectiveness of the overall CEIP, including progress in maturing the plan and establishing the programme management framework to support delivery
- progress made in updating the Strategic Risk Register and its supporting management framework, including the core management principles, future assurance integration plans, and the development of risk appetite, aligned with wider strategic change programmes to ensure effective integration with improvement programmes
- the development and progress of the consolidated Integrated Assurance and Approvals Plan (IAAP) for 2026/27
- the strengthened approach to complete the annual MAS on the effectiveness of HS2 Ltd internal controls for 2025/26, including implementation of lessons learned from the 2024/25 cycle
- progress on the Improvement Programme for Project Controls (IPPC) against the reset and reporting milestones, key achievements and implementing audit recommendations
- the significant progress on counter fraud, whistleblowing and investigation activities, and steps taken toward meeting government standards, including progress and approval of the 2026–2029 Counter Fraud Strategy and Enterprise Fraud Risk Assessment (EFRA), strengthening the approach to managing fraud, bribery, and corruption within the organisation and its supply chain
- progress on the Actual Cost Assurance (ACA) Strategy 2025 implementation and lessons learned from cost verification control improvements, including managing public money methodology and mechanism for cost assurance
- status of the P-Rep Strategic Advisory Recommendations (SARs)

Chair's summary

In 2025/26, the committee provided strong, consistent oversight of HS2 Ltd's risk, assurance, and governance systems. It maintained a high level of challenge as the organisation improved its control environment. While progress has been significant, some parts of the control environment framework require further development to embed and mature a strong control and risk management environment.

In 2026/27, the committee will continue to fulfil its core responsibilities and provide challenge and oversight of the control environment. Its work will include further review of the implementation and embedding of required improvements in the controls environment, review of audit and assurance activity, ensure high standards of risk management, assurance and governance, and support the continued maturation of organisational capabilities.

Governance Statement continued

Commercial and Investment Committee

Schedule

The Commercial and Investment Committee held its initial meeting of the financial year on 24 June 2025 and convened seven times.

Composition and membership

From 1 April 2025, the committee comprised three non-executive directors: Stephen Hughes (chair) (ended 3 December 2025), Dr Olawale Nelson Ogunshakin and Joanna Davinson (ended on 3 December 2025).

Following changes to board membership in December 2025 and January 2026, the committee membership as of 31 March 2026 was: Neil Reynolds (chair – appointed 3 December 2025), Fabienne Viala de Lisle (appointed 3 December 2025), Dr Olawale Nelson Ogunshakin (deputy chair) and Anne McMeel (appointed 1 January 2026).

Regular attendees to the committee include the chief financial officer, chief commercial officer, line of route delivery director, procurement and supply chain director, delivery procurement director, general counsel, and a member of the governance team providing secretariat services.

Committee responsibilities

The board delegates authority to the committee to oversee expenditure on capital works, services, land and property, and to monitor the commercial environment and related performance. The committee's role is to provide oversight, challenge and assurance on the executive's management of major contractual and commercial activities. This includes monitoring the executive's management of major contractual activities such as procurement, land and property transactions, and significant investments and reports to the HS2 board on the effectiveness of associated policies and procedures.

It reviews strategies for major contractual activities before implementation and advises the board on their suitability. The committee approves or rejects

contract proposals in its delegated authority and recommends those exceeding board thresholds.

The committee considers proposals to acquire or dispose of land and property in line with delegated limits and governance policy, and reviews major investment proposals outside the corporate strategy where values exceed board thresholds.

It reviews delegated change decisions approved by the executive management team for major contracts, including main works civils, stations, and high-speed rail systems, where values exceed £50 million or fall in DfT limits.

The committee monitors the corporate and financial status of suppliers including financial stability, compensation events, and contract changes; reviews disinvestment and demobilisation activities; and evaluates the performance of design partners and subcontractors. It also reviews wider contract performance not covered by the Finance and Performance Committee, using improved management information to support targeted deep dives.

In-year activity

The committee received regular procurement and supply chain reports and considered a wide range of key commercial matters. Activities included:

- reviewing outcomes from the change panel and the commercial and investment panels
- approving additional detailed design work under the stations design and services contract
- approving the interim final account for stage 1 works and endorsing continued advance mitigation works
- reviewing procurement performance metrics, contract management issues, risks, and delivery progress, supported by improved reporting and improved pipeline visibility
- conducting targeted in-depth reviews, including the Polo Club, CDC Lot 1, and Washwood Heath depot

Governance Statement continued

- endorsing the procurement plan (framework direct call off report, part 1) for the workforce solutions agreement and supporting delegated authority for contract award (part 2)
- assessing progress on railway systems award conditions
- providing joint committee oversight and endorsement to the Reset Taskforce 2 (a, b, c) activities, and report to the board on overall progress as part of wider Taskforce 4 assignment to secure a coordinated programme outcome
- reviewing developments in the Rail Systems Alliance and ongoing commercial reset work across main works civils contracts
- considering southern stations construction partner matters
- including investment authority needs and proposed budget uplifts for board endorsement

Chair's summary

The committee provided effective oversight through significant organisational and commercial change. Updated membership strengthened its capability, assurance functions, and expertise.

The committee oversaw major contracts, land and property transactions, procurement activity, and key investment decisions. It reviewed strategic proposals, contract variations above delegated limits, and commercial reset activity across main works civils and rail systems. Targeted detailed reviews enhanced understanding of delivery risks, while improved reporting and pipeline visibility supported earlier issue identification and stronger assurance to the board.

Key matters endorsed during the year included the workforce solutions agreement procurement plan, additional design work under the stations design and services contract, and investment authority changes requiring board approval.

The committee will continue to support HS2 Ltd in strengthening its role as an active client, focusing on

commercial discipline, contract governance, and supplier oversight.

Priorities for the year ahead include:

- strengthening commercial oversight and assurance in line with the reset, ranges, and baseline
- improving management information and procurement pipeline visibility
- supporting governance of major contract changes
- conducting targeted in-depth reviews of live contracts to assess commercial, legal, and strategic controls and highlight risks for board attention

With refreshed membership and a clearer plan, the committee is well positioned to maintain strong commercial governance and oversight of major contracts and investments.

Health Safety and Security Committee

Schedule

The Health Safety and Security Committee held its initial meeting of the financial year on 10 June 2025 and convened five times.

Composition and membership

From 1 April 2025, the committee comprised two members: Dame Judith Hackitt (chair and adviser to the board), and Elaine Holt, non-executive director.

As of 31 March 2026, committee membership increased to six members: Dame Judith Hackitt (chair and adviser to the board), Elaine Holt, non-executive director, Mike Brown, non-executive director (appointed 14 July 2025), Simon Wills (deputy chair) non-executive director (appointed 3 December 2025), Rob McIntosh, non-executive director (appointed 1 January 2026) and Stephen Murphy, non-executive director (appointed 1 January 2026).

Regular attendees include the chief executive officer, chief railway officer, health safety and security director, delivery directors and a member of the governance team providing secretariat support.

Governance Statement continued

Committee responsibilities

The Health, Safety and Security (HSS) Committee provides independent assurance to the board on the effectiveness of the organisation's arrangements for managing health, safety and security. The committee reviews the adequacy of corporate health safety and security policies and strategies, and ensures robust principles and practices are in place to meet statutory and regulatory requirements across the company and its supply chain.

The committee also assures the board that health safety and security risks are being identified, managed and monitored by the executive team. It meets bi-monthly, with additional meetings as required.

Each meeting includes structured reports from senior leaders representing delivery, civil engineering, station operations, technical services, Phase Two development, land and property, and employee health and wellbeing. The committee also invites external contributors to provide specialist insight and independent perspectives, supporting informed discussion and strengthening assurance.

In-year activity

Throughout the year, the committee received regular health, safety and security reports, maintaining oversight of key risks, performance trends and improvement initiatives across the programme. A primary focus was the committee's oversight, challenge and scrutiny of the new Health and Safety Strategy and the organisation's transition toward the intelligent client model, which is driving significant change in HS2's approach to health and safety management. Significant topics covered during the year included:

- addressing recurring weaknesses in frontline leadership, particularly inconsistencies in supervisory capability and control
- strengthening incident investigations through improved root-cause analysis and a new leadership initiative to clarify supervisory expectations
- monitoring progress across major delivery areas, including civils, stations, engineering, systems, land and property, and rail development
- overseeing implementation of the 2025/26 bridge year health and safety plan to reinforce accountability
- conducting an in-depth review of work-at-height incidents and evaluating actions to prevent recurrence
- assessing integration of health and safety in the HS2 delivery strategy
- considering approaches to inclusive safety leadership to improve peer communication and support psychological safety and wellbeing
- reviewing updates to the health and safety strategy, including the safety framework, Safe at Heart commitment, progressive client approach and revised ambition statements
- evaluating principles for frontline supervisor development
- reviewing outcomes of the client-led audit of joint venture lifting processes and supporting new contractor 'golden rules', including mandatory sunset briefings and single accountable supervisors, and recommending the Green Park Way incident video as a learning tool
- receiving updates on project EOS, supporting consistent measurement, improved client behaviours and adoption of best practice as part of the Safe at Heart refresh
- examining the housing health and safety rating system (HHSRS) for land and property and endorsing enhancements to triage, monitoring, compliance investment and category 1 hazard reporting

Governance Statement continued

Chair's summary

The committee continued to strengthen its oversight of health, safety and security performance across the programme. Our focus remained on improving the quality of management information, embedding the Safe at Heart refresh, and ensuring that risks are consistently identified, managed and escalated.

We reviewed progress on enterprise management information and emphasised the need for more proactive client behaviours to improve health and safety outcomes. Prioritising 27 key sectors and shifting from joint venture level to sector level analysis will enhance organisational consistency, increase visibility of mental health risks, and support clearer programme-wide reporting. Achieving this step-change will require better data capture and strengthened organisational commitment.

We continue to oversee the implementation of the refreshed Safe at Heart Strategy. A detailed plan for implementation is being developed and will involve HS2 staff and the supply chain.

Further priorities included clearer activation planning, more consistent performance measures, strengthened joint visit programmes, and integration of HSPI data into management information from May 2026, supported by improved visualisation and sector level insight.

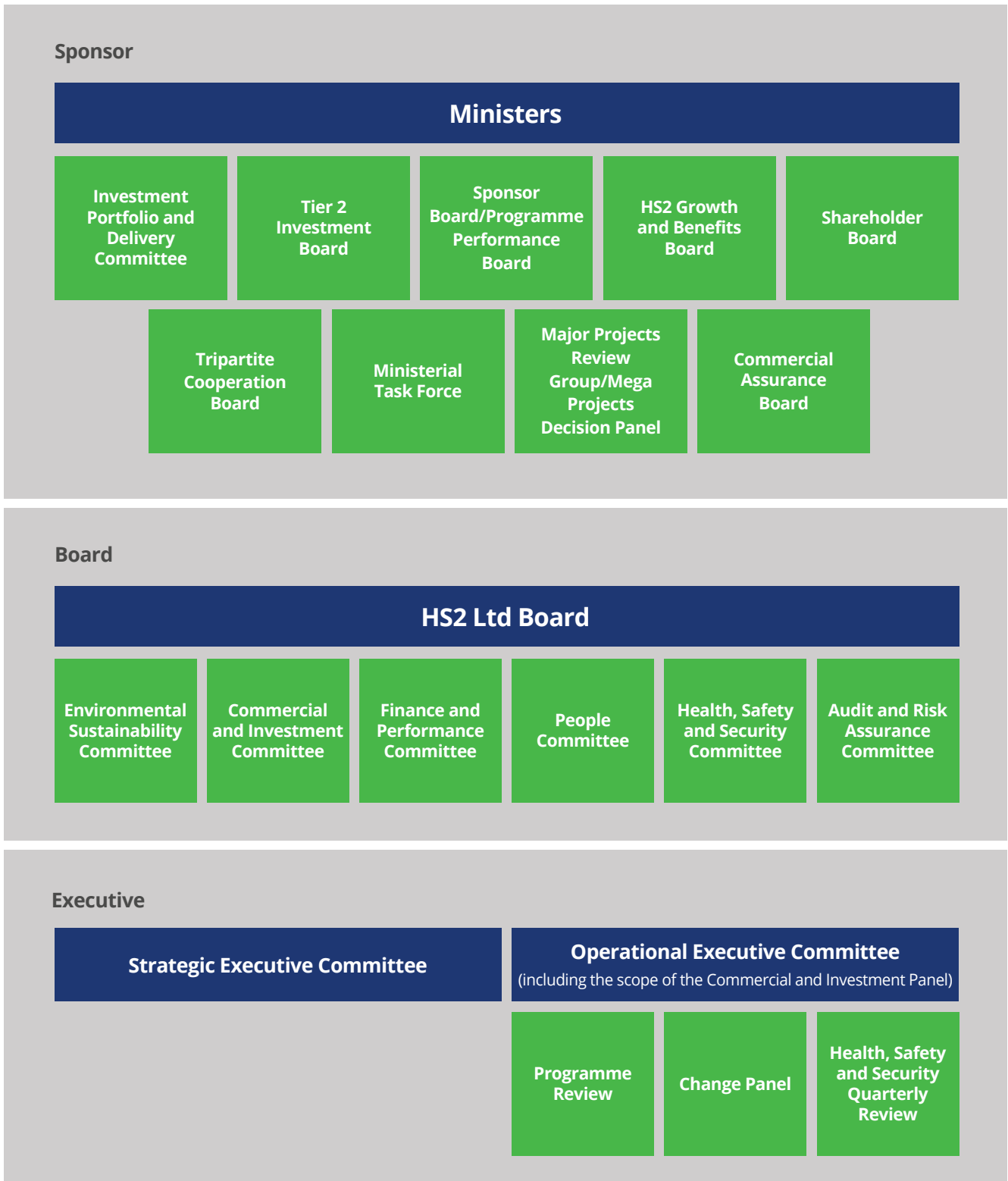
While the committee recognises the progress achieved, sustained focus, discipline and visible leadership remain essential. The organisation has established a solid foundation, but the coming year must now demonstrate measurable, timely improvements.

The committee expects to see clearer accountability, stronger alignment between strategy and delivery, and tangible evidence that these initiatives are driving safer, more consistent performance across the programme.

Governance Statement continued

Governance structure

The diagram below shows the HS2 Ltd governance structure as of 31 March 2026.



Governance Statement continued

Executive team

The executive team oversees the day-to-day management and operations of HS2 Ltd. Our leadership structure is detailed on page 12.

Risk management

We operate an enterprise risk management (ERM) framework that is aligned with HMT Guidance, the Cabinet Office Framework for the Management of Risk in Government, and ISO 31000:2018 Risk Management. Our approach reflects best practice and supports the continual advancement of our risk management capability across HS2 Ltd.

The Risk Management Strategy, associated procedures and plans provide a professional and structured approach, outlining principles, accountabilities, responsibilities and methodologies for risk management across the organisation.

Our strategy is firmly rooted in a recognition that our risk profile is continually evolving and reflects the strategic aims of HS2 Ltd.

Purpose

Risk management underpins the operation of HS2 Ltd and the delivery of the programme. It informs strategic decision-making, enables agility in our responses and provides assurance that risks are managed within defined appetites. We maintain a strong focus on the continual improvement of risk practices to support resilience, compliance and performance.

Risk management in practice

Our risk profile evolves due to the programme lifecycle, transition into operations, and dynamic external factors such as political, economic and environmental developments. We have strengthened our risk management capability and developed a roadmap for risk maturity, including adoption of recognised risk maturity models, capability-building programmes and regular risk leadership reviews. Our operating model ensures that risk exposure is proactively managed in line with strategic objectives.

Our collaboration with partners, stakeholders and the supply chain is embedded in our strategic risk processes, ensuring comprehensive identification, assessment and management of risks.

Governance Statement continued

Corporate Governance Report

Our Enterprise Risk Management (ERM) framework integrates and monitors strategic, delivery and operational risks, aligning with the broader corporate control environment through integration of risk management, internal controls, and effective assurance. Risks are linked to control frameworks and assurance activities. The model reflects continual improvement with control effectiveness reviews, assurance mapping and data-driven risk insights enabling HS2 Ltd to anticipate, respond to, and manage risk exposures across all business areas.

HS2's top risks

Top risks are mapped across six key categories:

- safety
- planning the reset
- delivering the reset
- transition and integration
- public confidence
- supply chain

The board and the executive prioritise top risk management as a critical component of our governance. Each top risk has an appointed executive risk owner with defined mitigation strategies, performance indicators and assigned action owners.

Our top risk management process, embedded in the quarterly review cycle, is dynamic and forward-looking. It tests control effectiveness against defined appetites and identifies opportunities for strengthening management responses. Regular risk forums, leadership

panels and board engagement ensure risks are actively managed.

A top risk refresh was conducted and reviewed with the board in March 2026 to ensure alignment with the evolving operational environment.

There are 17 top risks, with their cumulative impact assessed across cost, schedule, benefits realisation, stakeholder engagement and reputation.

Top risk management is central to safeguarding the successful delivery of HS2 Ltd's objectives.

Continual improvement focus

Our commitment to continual improvement is evidenced by:

- adopting a formal risk maturity roadmap aligned with COSO and ISO 31000
- quarterly strategic risk horizon scanning and scenario analysis
- regular capability assessments and risk culture surveys
- expanding enterprise-wide risk training and professional development
- strengthening risk-informed decision-making across all levels of HS2 Ltd

Professional risk management, rooted in recognised standards and tailored to HS2's unique challenges, remains a priority at the highest levels of leadership.

Governance Statement continued

Top risks and mitigations

Category	Risks	Mitigations
Safety	<p>Major health, safety and security event There is a risk of a catastrophic safety event, resulting in injuries, or fatalities and severe impacts to third-party infrastructure. The cumulative consequences could significantly disrupt the programme, drive substantial cost escalation, and erode public and sponsor confidence.</p>	Active client oversight of safety-critical delivery is maintained across the programme, supported by contractor competency checks. Contractors are procured and resourced to safely execute their work. Clear emergency response protocols are in place for security breaches, supported by an integrated emergency response that is regularly assured and tested.
Planning the reset	<p>Flawed baseline There is a risk that the underlying assumptions for the baseline are incorrect, resulting in an inability to deliver the baseline. This would result in schedule and cost impact, scope instability as well as increased political scrutiny and loss of critical stakeholder support.</p> <p>Renegotiation There is a risk that we will be unable to successfully renegotiate critical contracts. Failure to reach acceptable agreements on revised baseline plans could significantly impact project delivery, cost and schedule.</p> <p>Skills gaps and organisational capability There is a risk that we are not established as a capable client to deliver the railway at the lowest reasonable cost.</p>	<p>Independent assurance of the baseline is provided through diverse third-line-of-defence panels, with embedded independent representatives. We have brought in expertise from other major projects to strengthen capability in building the baseline. Assumptions are confirmed through engagement with integrated project teams and contract discussions, and detailed system integration work has been carried out and validated against international benchmarks.</p> <p>An approved and assured renegotiation strategy for the main works civils contracts is in place and in use. The reference case assumes the continuation of existing contract arrangements, with headwinds and tailwinds captured to account for contract variations. Day-to-day contract engagement is supported by an established governance structure with oversight up to ministerial level.</p> <p>A capability and skills planning framework is in place and refreshed periodically, supported by strengthened workforce planning to identify pressure points and plan for critical roles. Succession planning is being established for key positions, alongside wider workforce planning and industry engagement to address attrition, knowledge retention and industrial relations risk.</p>

Governance Statement continued

Category	Risks	Mitigations
Delivering the reset	<p>Long-term funding There is risk as we only have secured funding for financial years 2025 to 2030, with biannual future spending reviews potentially reassessing that funding, and potentially undermining the efficient delivery of the remaining programme.</p>	<p>Reforecasting and variance oversight are maintained, with key risks and early warning indicators reported to the executive, including quarterly module lifecycle reporting. Firm cost and schedule baselines are enforced through Baseline 8-controlled changes, with targeted interventions to monitor and offset macroeconomic and inflationary pressures. Maintaining government confidence depends on demonstrating effective control across the programme, including safety, delivery and stakeholder management.</p>
	<p>Control environment There is a risk that a failure within the our control environment could lead to significant cost increases, delays to schedule and loss of critical stakeholder support.</p>	<p>The control environment improvement programme (CEIP) is strengthening financial governance, improving forecasting and closing outstanding audit points. Programme controls are being enhanced through the programme controls governance framework. A strengthened counter fraud framework and improved information and cyber security governance address commercial and enterprise risks. Ongoing engagement with the Government Internal Audit Agency maintains independent external oversight.</p>

Governance Statement continued

Category	Risks	Mitigations
Delivering the reset	<p>Failure to deliver to the agreed baseline There is a risk further delays to the schedule, additional cost overruns and/or changes to scope will cause us to fail to deliver the baseline. Additionally, an unproductive programme environment combined with insufficient HS2 capability and capacity, or ineffective commercial arrangements, will limit effective contractor performance management.</p> <p>Quality There is a risk of insufficient quality control across the programme leading to major undetected defects, loss of asset integrity, and catastrophic quality failures, resulting in extensive rework, severe delays, and significantly higher whole-life costs.</p>	<p>Programme controls and oversight are being strengthened through the governance framework, alongside the active client model to address capability and capacity gaps. Strategic engagement at CEO level with key third parties is supported by the programme integration director. Enabling consents that create a productive delivery environment are actively monitored. We are seeking a back-to-back agreement with the supply chain on the baseline schedule.</p> <p>A strategic quality intervention plan addresses assurance gaps across the programme, supported by our quality strategy and standards. The accreditation monitoring system manages quality risk across the supply chain. Contracted progressive assurance requirements ensure that quality evidence is provided by contractors throughout delivery.</p>

Governance Statement continued

Category	Risks	Mitigations
Transition and integration	<p>Delivery of Euston There is a risk that the interface with Euston station, wider campus and the Euston Development Corporation (EDC) might change, which will have additional impact on the staged opening of the railway.</p>	<p>A dedicated Euston delivery team is working to reduce delivery risk and feeding into an integrated plan to inform all parties of key dates. An engineering team works with the EDC to provide assurance that high-speed rail standards are being met. The EDC's schedule performance is tracked through our reporting standards, including productivity metrics and progress curves. We are seeking a contracted arrangement with the EDC to embed use of our management system, and continues to meet its obligations as nominated undertaker. A review of the undertakings and assurances register is planned for December 2026 to identify obligations to be handed over to the EDC.</p>
	<p>Integration into the national railway There is a risk that inadequate integration with the national railway network, including but not limited to technical interfaces, operational readiness, and coordinated timetabling, will cause delays and disruptions to our operations, which could impact schedule and cost.</p>	<p>A review of programme scope is underway to remove or defer non-essential specifications, aligned to a revised and simplified operational concept. System-level integration and assurance work is being carried out to confirm that technical and operational interfaces are compatible. We are working to complete the operational, authorisation and licensing arrangements needed across the national network ahead of opening.</p>

Governance Statement continued

Category	Risks	Mitigations
Transition and integration	<p>Civils to systems transition There is a risk that HS2 fails to complete the transition effectively from civils to systems on time, impacting schedule and cost.</p>	<p>We are seeking a contractual agreement between the civils and systems contractors on the definition of handover, covering the physical transfer of assets and associated documentation, and this is being built into contractor incentives. Quality assurance processes are in place to ensure civils delivery meets the required standard. We are procuring interim maintenance contracts in line with the handover and transition strategy to ensure there is a defined receiver for completed assets. The programme schedule includes planned separation between civils completion and systems mobilisation to reduce the risk of late civils delivery disrupting systems work. A capability and client model is being developed to manage asset management contracts and interim arrangements during the transition period.</p>
	<p>Operational technology There is a risk that the challenges of deploying novel and unproven technologies could lead to significant impacts on the project’s schedule and cost, and end-state capability.</p>	<p>A scope review is addressing requirements for novel technologies, with a focus on removing or deferring elements that could cause testing delays. Work is underway to finalise a minimum opening configuration, defining the baseline technical capability needed for the railway to open. Technical support agreements are in place with suppliers of technology-based systems to manage the risks of obsolescence and evolving requirements over the programme lifecycle.</p>

Governance Statement continued

Category	Risks	Mitigations
Transition and integration	<p>Rail authorisation into use</p> <p>There is a risk that the process of obtaining necessary authorisations and approvals for rail usage could be delayed, impacting the planned launch and operation of the high-speed rail network.</p>	<p>We engage with the Office of Rail and Road through technical panels and issue-specific discussions to ensure regulatory alignment. A centralised hazard management system coordinates safety evidence across the programme. We work jointly with the DfT to anticipate and respond to regulatory change, including participating in drafting national technical specification notices and European and global standards. The Phase One Planning Forum is in operation, and robust safety and cyber security assessments are carried out on any proposed changes to the integrated railway.</p>
	<p>Scope change</p> <p>There is a risk that changes to scope will have an impact on the staged opening of the railway resulting in reputational damage and time delays.</p>	<p>An updated Development Agreement between the DfT and HS2 Ltd sets out clear accountability for scope delivery, named responsibilities, and integration responsibilities for the railway. Scope gap assurance is being carried out to align the railway scope to cost and schedule through the programme review process. Productivity metrics and the programme performance board provide ongoing oversight of delivery against scope. An updated protocol is in place for requesting, assessing and providing scope advice to government, reducing the risk of unmanaged scope requests.</p>

Governance Statement continued

Category	Risks	Mitigations
Public confidence	<p>Communities and stakeholders</p> <p>There is a risk that cooperation will be lost due to changes to the schedule, poor relationships with authorising bodies, delays to land and property consents and handovers or delays to delivering early benefits. Any of these causes could damage reputation and confidence, affecting schedule and cost.</p>	<p>The undertakings and assurances register is governed through register controls and compliance oversight, supported by a clear external affairs and stakeholder management plan. The community engagement strategy is underpinned by a stakeholder management framework and local engagement plans, with quarterly reviews providing first-line assurance. External affairs and stakeholder management controls are in place to protect and maintain government and stakeholder support. Roles and responsibilities between HS2 Ltd and the DfT are defined through the external affairs and stakeholder management plan and the external affairs grid. We are working with the DfT to develop a strategic benefits and growth story to demonstrate early value from the new railway.</p>
Supply chain	<p>Supplier stability and performance</p> <p>There is a risk that financial instability or systemic underperformance of key suppliers leads to distress or insolvency, disrupting our supply chain impacting schedule and cost, and compromised quality and safety standards.</p>	<p>Supplier segmentation reviews are conducted twice a year to maintain an up-to-date picture of the supply chain and identify areas of concentration risk. We monitor Tier 1 to Tier 4 suppliers to identify early signs of financial instability, fraud risk and cyber vulnerabilities, supported by enhanced supplier health monitoring. A contract renegotiation strategy is being implemented for key contracts to ensure effective management and alignment with programme objectives.</p>
	<p>Supply chain capacity constraints</p> <p>There is a risk that our supply chain is unable to deliver on its contractual obligations due to capacity constraints.</p>	<p>Suppliers are required to maintain robust contingency plans, with regular exercises and tracked performance to ensure readiness if disruption occurs. We work with the Cabinet Office to jointly monitor common suppliers and maintain visibility of wider industry capacity constraints. Slots with original equipment manufacturers are being secured for critical goods, and targeted supplier development and improved onboarding is underway to reduce overreliance on a limited supplier pool.</p>

Governance Statement continued

Internal control and governance

We are working with the DfT to implement all 89 recommendations from James Stewart’s independent governance review as we reset the programme and improve the controls environment.

The implementation of the CEIP with oversight from the ARAC has seen material improvements which are now being embedded across the organisation. We have strengthened core programme controls, while building a more integrated approach to assurance, risk management and fraud detection.

Ministerial oversight through ministerial taskforce meetings continue to ensure greater accountability and scrutiny.

Our internal controls are designed to:

- assure delivery of our strategic goals and objectives in a compliant, effective and efficient manner
- safeguard the funds and assets of the organisation in line with HMT’s managing public money principles

The integrated management system (IMS) defines our key control frameworks and sets out how we operate to achieve our objectives. Our policies, strategies, plans, processes, procedures, forms, work instructions and guidance documents are maintained in line with our quality and document control procedures.

The IMS helps to make sure that our activities are carried out in a consistent and efficient manner, complying with the DfT’s requirements under the development agreement, other requirements arising from the Parliamentary process, and legal and regulatory requirements. An IMS improvement programme has been delivered during the year to ensure our control environment remains current and aligns with the programme lifecycle.

The company maintains risk registers at corporate, programme, individual project and directorate levels. Our risk, control and assurance functions work together to support the company and the programme, providing monthly reporting and insights to help drive improved performance.

There are established processes for cost control and cost verification for the construction contracts. They include validation and certification of monthly costs by our commercial team and technical experts. This is followed by a secondary, more detailed, independent assurance process to provide a retrospective review of costs and commercial challenge to suppliers. Any costs identified from this process as disallowable under the contract are credited by the supplier and removed from the asset under the construction balance.

During 2025/26, we developed the actual cost assurance (ACA) strategy to strengthen these cost controls and verification processes. The ARAC will oversee the executive’s implementation of this strategy in 2026/27.

The company’s governance regime includes the HS2 Ltd board, board sub-committees, the executive committee, executive sub-panels and individual delegations, which are executed on a ‘two key’ basis for a financial commitment. Individual delegations are clear and have been structured to match role accountabilities.

Governance Statement continued

Three lines of defence

We operate the three lines of defence approach recommended by HMT’s guidance on assurance frameworks. The key elements and their application are outlined in the following table.

HS2 Ltd’s three lines of defence model

Level	Operational assurance	Business assurance	Strategic assurance
Outcomes of assurance activity.	Oversight of right first time delivery, routine controls and process effectiveness.	Oversight of operational assurance and line management activities.	Independent assessment of the operating environment including governance, risk management, assurance and internal controls.
Who commissions the assurance activity?	Delivery functions line management.	Central functions and/or specialist assurance functions.	Board or ARAC.
Who delivers the assurance activity?	Delivery teams and line management as part of business as usual controls and management monitoring.	Assurance practitioners, peer reviewers and/or external experts independent of the line management delivering the activity being assured.	Internal audit and external independent assurance providers.
Where are the outcomes of the assurance activity reported?	Management and leadership team meetings.	Management and governance panels.	Board and/or sub-committees including ARAC.
Examples of assurance activities	Management assessments, surveillance and monitoring, compliance statements, management information and performance data, process evaluations.	Compliance audits, operational assurance effectiveness reviews, contract management reviews, IMS assurance reviews, management information and performance data, policy and standard reviews.	Internal audits, head of internal audit annual opinion, independent assurance panels, ISO certification.

Governance Statement continued

Integrated Assurance and Approvals Plan

ARAC approve an Integrated Assurance and Approvals Plan (IAAP), which directs assurance activity of our internal control environment and key programme milestones. The IAAP defines the approved plan for the next 12 months, and an outline for the following three months, with the plan subject to review after the first three months. This new IAAP approach and methodology has been developed to ensure reviews are aligned with strategic risk and revisited quarterly to ensure progressive assurance.

Management assurance

We complete an annual management assurance review to check the effectiveness of our internal control systems. This identifies areas where controls may not be operating effectively and develops actions for improvement.

Evidence is gathered from internal stakeholders across the organisation. This is then reviewed by the HS2 executive member responsible for each category, a challenge panel of subject matter experts, and executive members.

Ratings and assurance performances are agreed, reviewed, challenged and endorsed by the executive team and ARAC, before final endorsement from the accounting officer. A management assurance statement (MAS) is then signed by the accounting officer and sent to the DfT.

In 2025/26, the DfT made changes to the number of categories. In February 2026, ARAC agreed that we retain and rate some of the categories that DfT removed. These included where we were rated as either unsatisfactory, moderate or limited from last year. This will provide visibility of progress in these areas to the executive, ARAC and the accounting officer.

Our 2025/26 MAS return stated that the executive was not satisfied with the effectiveness of the overall control environment, and to reflect that while significant improvements have been made, further work remains. Of the 30 areas applicable to HS2 Ltd, we assessed 11 as substantial, 12 as moderate, 7 as limited, and none as unsatisfactory.

Action plans are being developed for areas with ratings of moderate and below, with enhanced remediation plans for any areas rated limited.

Actions from the IAAP and the 2025/26 MAS have been mapped to show how they align to improve our controls environment during the bridge year.

Analytical modelling

Economic and commercial modelling remains essential to our work. It ensures the costs, benefits and revenues included in the HS2 Business Case are based on best evidence, including estimates of future transport demand. A register of business-critical models is maintained. Assurance of these models is undertaken in line with the DfT's Strength in Numbers analytical assurance framework and HMT's The Aqua Book: Guidance on producing quality analysis for government. A report is submitted to ARAC each year.

Governance Statement continued

Head of internal audit opinion

In their annual audit opinion for 2025/26, the head of internal audit provided a limited opinion on the framework of governance, risk management and internal control. Their opinion recognises the work carried out in 2025/26 by management to prioritise and address known and previously identified areas of weakness – including cost risk management, counter fraud arrangements, strategic risk and governance arrangements – and run in parallel an effective bridge year alongside the programme reset.

More time is needed to implement and embed the CEIP and the revised governance arrangements, enhance risk management, particularly in relation to the supply chain, and ensure there is effective first and second line of defence across the business. Further progress is also needed on the reset, notably around capacity and capability.

Their opinion for 2025/26 supports HS2's priorities, and with redesigned programme and commercial controls expected to go live in 2026/27, and with effective tracking of management action to mitigate risks and continued focus on improving internal control, the outlook is positive.

External certifications

HS2 Ltd was successful in being recertified to ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management) standards during the period. The company is also certified to PAS 2080 (Carbon Management in Infrastructure), accredited by the Chartered Institute of Purchasing and Supply (CIPS) and the Association for Project Management (APM), and has achieved Clear Assured Platinum Standard accreditation for equality, diversity and inclusion.

We work with professional bodies, such as the APM and the Institution of Civil Engineers, as well as several capital project delivery organisations such as Network Rail and National Highways. This allows us to learn lessons from other major projects, collaborate and share good practice.

Remuneration and Staff Report

Summary

The Remuneration and Staff Report includes the remuneration of executive directors and non-executive directors of the HS2 Ltd Board. The report has been prepared in accordance with the requirements of the Government Financial Reporting Manual, issued by HMT.

Changes in the composition of the board and a summary of attendance at scheduled meetings in 2025/26 are shown in the Governance Statement on pages 51 and 52.

Remuneration policy

Remuneration for non-executive directors is set by the DfT.

Remuneration for executive directors is determined by the HS2 Ltd People Committee, within approved flexibilities, to support the recruitment of senior leaders with the skills, capability, and experience required for the HS2 programme. For some roles, additional approval is required by the DfT and HMT.

In line with the government's policy on transparency, details are published of staff earning more than £174,000 per annum on the GOV.UK website at: <https://www.gov.uk/government/publications/cabinet-office-senior-officials-high-earners-list>

Additionally, we publish our organogram of staff roles and salaries on the GOV.UK website at: www.data.gov.uk/dataset/5161398b-c0f9-45b9-8451-893face3a9ab/organogram-high-speed-2

Total remuneration: directors

Non-executive directors of the HS2 Ltd Board are engaged on service contracts and are appointed on fixed-term appointments of no longer than four years, on initial appointment. They are contracted to work between two and four days per calendar month as a minimum.

Certain significant events entitle the Secretary of State to terminate the service contract immediately, for example, the director becoming bankrupt. Otherwise, the Secretary of State is required to give

three months' notice of termination. Contract end dates for non-executive directors as of 31 March 2026 are set out in the table below.

Non-executive directors are paid a fixed fee per day worked, or pro rata, which is set by the DfT. Travel expenses are reimbursed in line with the business expenses policy.

During 2025/26, all executive directors of the HS2 Ltd Board were permanent employees of HS2 Ltd. Their contracts of employment have no fixed end date, but certain termination provisions may be exercised, in certain circumstances on specified notice, by the director or HS2 Ltd respectively.

These executive directors have a six-month notice period. In the event of redundancy, HS2 Ltd may pay statutory redundancy terms only. Where appropriate, HS2 Ltd is also entitled to pay salary in lieu of the notice period.

As employees, executive directors received a salary and are eligible to receive performance-related pay (PRP) if approved by the DfT and HMT.

Payments are determined by performance levels achieved in the preceding performance period, aligned to the financial year, as the appraisal process concludes during the summer. All payments are subject to approval by the People Committee and are closely aligned with the programme's cost and schedule.

Remuneration and Staff Report continued

Non-executive directors during 2025–2026

Board member	Name	Title	Appointment date	Re-appointment date/due date	Appointment end date
Non-executive chair	Michael Brown	Chair	14 Jul 2025	13 Jul 2027	13 Jul 2027
Non-executive director	David Goldstone	N/A	1 Jun 2024	31 May 2027	31 May 2027
Non-executive director	Elaine Holt	Deputy Chair	1 Jul 2020	30 Jun 2023 Re-appointment 1 Jul 2023 – 30 Jun 2027	30 Jun 2027
Non-executive director	Ian King	N/A	1 Jul 2020	1 Jul 2023 Re-appointment 1 Jul 2023 – 30 Jun 2027	30 Jun 2027
Non-executive director	Robert McIntosh	N/A	1 Jan 2026	31 Dec 2028	31 Dec 2028
Non-executive director	Anne McMeel	N/A	1 Jan 2026	31 Dec 2028	31 Dec 2028
Non-executive director	Stephen Murphy	N/A	1 Jan 2026	31 Dec 2028	31 Dec 2028
Non-executive director	Dr Olawale Nelson Ogunshakin	N/A	1 Oct 2023		31 May 2026
Non-executive director	Neil Reynolds	N/A	3 Dec 2025	2 Dec 2028	2 Dec 2028
Non-executive director	Keith Smithson	N/A	1 Jun 2023	31 May 2026	31 May 2026
Non-executive director	Fabienne Viala de Lisle	N/A	3 Dec 2025	2 Dec 2028	2 Dec 2028
Non-executive director	Simon Wills	N/A	3 Dec 2025	2 Dec 2028	2 Dec 2028
	Dame Judith Hackitt	Independent chair of the Health, Safety and Security Committee	1 Apr 2019		31 Jul 2026
Non-executive director	Joanna Davinson	N/A	1 Jun 2023		3 Dec 2025
Non-executive director	Stephen Hughes	N/A	1 Apr 2019		3 Dec 2025
	Roger Mountford	Strategic adviser to the board	19 Feb 2015		31 May 2025

Remuneration and Staff Report continued

Board members pay during 2025–2026 (subject to audit)

Full name	Fees and salary (£)		Bonus Payment (£)		Taxable Benefit (£)		Pension Benefit (£)		Total (£)		Board Role
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	
Mark Wild	600,000	193,077	-	-	81	17	60,000	19,308	660,081	212,402	Chief executive - joined 2 Dec 2024
Michael Brown	144,103	-	-	-	-	-	-	-	144,103	-	Non-executive chair - joined 14 Jul 2025
Alan Foster ¹	375,688	336,599	-	37,125	81	1,088	29,975	33,660	405,744	408,473	Chief financial officer and interim deputy CEO - 1 Dec 2024 to 31 Mar 2026
Emma Head	270,000	202,501	-	-	81	51	32,400	24,300	302,481	226,852	Chief railway officer - appointed 1 Jul 2024
Ian King	34,675	33,250	-	-	-	-	-	-	34,675	33,250	Non-executive director - joined 1 Jul 2020
Elaine Holt	58,900	79,325	-	-	2,555	3,883	-	-	61,455	83,208	Non-executive director - joined 1 Jul 2020, interim chair 1 Apr 2025 to 13 Jul 2025
Keith Smithson	31,588	37,050	-	-	1,223	1,682	-	-	32,811	38,732	Non-executive director - joined 1 Jun 2023
Dr Nelson Ogunshakin	37,288	23,750	-	-	-	-	-	-	37,288	23,750	Non-executive director - joined 1 Oct 2023
David Goldstone	46,075	38,000	-	-	19	70	-	-	46,094	38,070	Non-executive director - joined 1 Jun 2024
Fabienne Viala de Lisle	15,200	-	-	-	-	-	-	-	15,200	-	Non-executive director - joined 3 Dec 2025
Neil Reynolds	15,200	-	-	-	-	-	-	-	15,200	-	Non-executive director - joined 3 Dec 2025
Simon Wills	15,200	-	-	-	-	-	-	-	15,200	-	Non-executive director - joined 3 Dec 2025
Anne McMeel	11,400	-	-	-	-	-	-	-	11,400	-	Non-executive director - joined 1 Jan 2026
Robert McIntosh	11,400	-	-	-	585	-	-	-	11,985	-	Non-executive director - joined 1 Jan 2026
Stephen Murphy	11,400	-	-	-	-	-	-	-	11,400	-	Non-executive director - joined 1 Jan 2026

1. Fees and salary include an exit package payment of £75,938 which relates to 2025/26 but was paid in April 2026.

Remuneration and Staff Report continued

Directors who left the board during 2025–2026 (subject to audit)

Full name	Fees and salary (£)		Bonus Payment (£)		Taxable Benefit (£)		Pension Benefit (£)		Total (£)		Board Role
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	
Stephen Hughes	17,100	22,800	-	-	907	582	-	-	18,007	23,382	Non-executive director - left 3 Dec 2025
Joanna Davinson	17,100	24,700	-	-	-	-	-	-	17,100	24,700	Non-executive director - left 3 Dec 2025

Notes

- For all non-executive directors joining prior to December 2025 and those who left in 2025/26, full-year equivalent is £22,800, working two days per month. Amounts shown include additional days worked.
- For all non-executive directors joining after December 2025, full-year equivalent is £45,600, working four days per month.
- Mark Wild joined as chief executive on 2 December 2024, full-year equivalent salary of £600,000.
- Additionally, Mark Wild receives a payment in lieu of pension. This is shown under pension benefit. Full-year equivalent of £60,000.
- Michael Brown, non-executive chair, joined the board on 14 July 2025, full-year equivalent is £200,000.
- Alan Foster joined the board on 1 May 2023 as an executive director on HS2 Ltd's payroll as chief financial officer. His full-year equivalent for 2024/25 equated to £299,750. Alan Foster took on additional duties between 1 January 2024 to 30 June 2024, receiving a full-year equivalent allowance of £27,500 for these additional duties, which is included in fees and salary.
- Alan Foster was appointed interim CEO between 9 September 2024 to 30 Nov 2024, receiving a full-year equivalent allowance of £74,938. Alan Foster was then appointed chief financial officer and interim deputy CEO on 1 December 2024 until present, receiving a full-year equivalent allowance of £44,962 between 1 December 2024 and 28 February 2025.
- The bonus paid to Alan Foster in 2024/25 was awarded for performance against objectives in 2023/24.
- Emma Head was appointed chief railway officer on 1 July 2024, full-year equivalent salary of £270,000.
- Fabian Viala de Lisle joined the board as non-executive director on 3 December 2025.
- Neil Reynolds joined the board as non-executive director on 3 December 2025.
- Simon Wills joined the board as non-executive director on 3 December 2025.
- Anne McMeel joined the board as non-executive director on 1 January 2026.
- Robert McIntosh joined the board as non-executive director on 1 January 2026.
- Stephen Murphy joined the board as non-executive director on 1 January 2026.
- Stephen Hughes, non-executive director, left the board on 3 December 2025.
- Joanna Davinson, non-executive director, left the board on 3 December 2025.
- Dame Judith Hackitt Independent Chair, Safety and Security Committee, received payment of £11,400.
- Roger Mountford, strategic adviser to the board, left 31 May 2025, received payment of £3,800.

Pension entitlements

HS2 Ltd employees are eligible to participate in a defined contribution pension scheme. HS2 Ltd matches the employee contributions rate on a 2:1 basis up to a maximum employer contribution rate of 12%.

The HS2 Ltd pension scheme is managed by Legal & General Ltd. For the year ended 31 March 2026, employers' contributions were £15.5 million (2024/25: £15.7 million). Staff on secondment

from the DfT are covered by Civil Service pension arrangements. Liability rests with the secondees' employer and not HS2 Ltd.

Payments under compensation schemes – exit packages (subject to audit)

HS2 Ltd has delegated authority from the DfT, set out in its Framework Document, for termination/exit payments in line with government guidance.

Remuneration and Staff Report continued

Statutory redundancy payments 2025–2026

No external approval is required for redundancies made on statutory terms. The payments for statutory redundancy payments are included toward the payments under compensation scheme table below. Total amount and number of statutory redundancy payments are disclosed below:

Enhanced redundancy payments

No enhanced redundancy payments were made during 2025/26.

Relocation payments

HS2 Ltd did not make any relocation payments to employees during 2025/26.

Redundancy type	Number of redundancies	Redundancy Total
Compulsory	53	£224,069.51
Voluntary	10	£71,540.50
Total	63	£295,610.01

Payments under compensation schemes – exit packages – and statutory redundancy payments (subject to audit)

	Number of compulsory redundancies ¹		Number of other departures agreed ²	
	2025/26	2024/25	2025/26	2024/25
<£10,000	10	2	6 (0)	20 (2)
£10,000 - £25,000	26	16	6 (2)	18 (10)
£25,000 - £50,000	9	2	1 (0)	8 (8)
£50,000 - £100,000	8	7	13 (8)	13 (11)
£100,000 - £150,000	-	-	-	-
Total number of exit packages	53	27	26 (10)	59 (31)
Total cost ³	£1,364,474.88	£845,886.74	£1,147,807.52	£1,630,631.12

¹ Compulsory redundancies include payments made on statutory terms and payments in lieu of notice (PILON) paid for contractual notice periods.

² Number of other departures agreed include permitted exit payments and PILON paid for contractual notice periods. Figures in brackets show the number of other departure payments which included a statutory redundancy payment as part of the total exit package.

³ The total cost of PILON payments were £2,216,672.39.

Remuneration and Staff Report continued

Fair pay disclosures – subject to audit

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation to the median, 25th and 75th percentile remuneration of the company’s workforce.

The total annualised remuneration of the highest paid director of HS2 Ltd on 31 March 2026 was £660,940, which was 8.9 times the median salary of the workforce. The median is determined as the mid-point of all salaries comprising employees, secondees and temporary staff. HS2 Ltd continued to have normal activity of attrition/attraction/promotions during the financial period, all of which are reflected in the median pay change.

Total remuneration includes annualised salary, performance-related pay and taxable allowances. It does not include employer pension contributions or the cash equivalent transfer value of pensions.

No employees, secondees or temporary staff have received remuneration in excess of the highest paid director in the year (2023/24: none). Actual staff remuneration on an annualised basis for full-time work on 31 March 2026, including the highest paid director, ranges from £27,000 to £660,940 per year (2024/25: £26,500 to £661,088, including the highest paid director).

Year	Highest paid director	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025/26	£660,940¹	12.2	8.9	7.0
2024/25	£661,088	12.6	9.1	7.0

¹ Highest paid director pay in 2025/26 is lower than 2024/25 due to no pay increase and a decrease in cost of benefits.

Year	Pay category	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025/26	Total pay including benefits	£54,215	£74,096	£95,038
	Salary component	£54,063	£73,946	£94,518
2024/25	Total pay including benefits	£52,657	£73,008	£94,629
	Salary component	£52,153	£71,160	£91,111

Remuneration and Staff Report continued

Year	Pay category	Highest paid director % change	Mean % change ¹
2025/26	Salary and allowances	0.2% ²	1.6%
	Performance pay and bonuses	0%	n/a
2024/25	Salary and allowances	24.5%	0.5%
	Performance pay and bonuses	0%	n/a

¹Average percentage change from the previous year in respect of employees of the entity taken as a whole.

²Highest paid director pay in 2025/26 is lower than 2024/25 due to no pay increase and a decrease in cost of benefits.

Staff numbers and costs (subject to audit)

Audited staff numbers and costs are in Note 4 of the Financial Statements on page 117.

Staff composition 2025–2026

The overall proportion of female staff on 31 March 2026 was 36%.

The figures below for staff composition include non-executive directors and contingent resource toward the figures shown. Additionally, we collect and monitor employee diversity and representation. This is reported externally through our annual Equality, Diversity and Inclusion Report, and in our corporate key performance indicators.

Permanent staff turnover for the period 1 April 2025 to 31 March 2026 was 18.5%.

Staff composition 2025–2026 (31 March 26)

Level	Male	Female	Total
Director	12	4	16
Senior manager	225	70	295
Employee	960	596	1,556
Total	1,197	670	1,867

Staff composition 2024–2025 (31 March 25)

Level	Male	Female	Total
Director	9	3	12
Senior manager	249	76	325
Employee	1,063	672	1,735
Total	1,321	751	2,072

Directors are board members, including executive directors and non-executive directors.

Senior managers are any staff member not on the board who is Civil Service grade equivalent: SCS1 to SCS4. Employees are any staff member below SCS1.

Remuneration and Staff Report continued

Sickness absence data

Recorded staff absence due to sickness equated to an average of 5.9 days per employee during the year (2024/25: 4.6 days) for direct employees of HS2 Ltd.

Staff policies for people with disabilities

We have a range of policies in place to create a safe and inclusive workplace. These include a disability policy and an accessibility policy. Our accessibility policy was updated in 2025/26 in conjunction with our access and inclusion network, 2gether.

The 2gether network provides a supportive space for colleagues with lived experience of disability or access and inclusion challenges, whatever the cause, as well as for allies who want to champion and support inclusive practice. The network works hard to raise awareness of disability, share information about events and learning opportunities, promote best practice, and play an active role in supporting our equality, diversity and inclusion strategy.

Our adjustment declaration tool encourages conversations about disability and personal circumstances, and enables staff to request specific adjustments, such as ergonomical or workspace display screen equipment and assistive technology, to support them in their work. As of March 2026, 19% of our employees had moderate to substantial workplace adjustments in place.

In 2025/26, we retained Disability Confident Leader status, reflecting the disability-related policies and practices in place, and supporting our ambition to improve the representation of disabled people in our workforce. We continue to monitor the representation of disabled staff, including colleagues who require adjustments, and we report externally through our annual EDI report. We also monitor disability representation in our supply chain and report on this in the EDI report, sharing case studies and examples of good practice.

Other employee matters

We remain committed to developing and sustaining a culture of equality, diversity and inclusion. We support equality of opportunity and foster an environment where individuals feel valued, respected, and supported to perform at their best. This commitment has been recognised through our Clear Assured Platinum accreditation, which was achieved for the third time in 2025.

In 2024/25, we launched a new Equality, Diversity and Inclusion Strategy, and in 2025/26 designed and delivered an annual plan of activities focusing on creating a more inclusive culture, improving diversity and representation, being recognised as an inclusive employer of choice, and continuing to be a catalyst for change across our industry.

We aim to attract and retain diverse talent and monitor the representation of protected characteristic groups across the business. We track and report progress monthly and publish the data in our annual EDI report. This report highlights areas of strength and where further improvement is needed; it includes supply chain representation; and it highlights examples of best practice.

We have eight staff networks that play a key role in supporting protected characteristic groups. They provide peer support and safe spaces for their members and allies, raise awareness across the organisation, provide insight on policies, practices and workplace culture, and contribute to the design and delivery of activities and interventions in support of our EDI strategy.

Network chairs are brought together through regular inclusion committee meetings, sponsored by the executive team. Committee meetings provide an opportunity to plan events and activities to increase engagement and involvement across the business, as well as generating opportunities for collaboration and inter-directorate events.

We continue to support leaders to create a safe and inclusive culture, ensuring all senior leaders have both health and safety and EDI goals to mark the importance of diversity in driving performance and delivery.

Remuneration and Staff Report continued

Employee consultation

We work constructively with our employee workplace representatives via regular meetings of the Workplace Forum (WPF) and its recognised trade union, the Transport Salaried Staffs' Association (TSSA). WPF is the primary mechanism for collective consultation, ensuring the interests of the business and employees are best served through a shared understanding of the objectives, strategy and performance of the business, of its operating environment, and other matters of mutual interest.

The WPF is comprised of a minimum of one elected/appointed employee representative for each business directorate located in Birmingham and London, alongside union workplace representatives nominated by TSSA.

The objectives of the WPF are to:

- develop and maintain a progressive, constructive approach to employee relations
- ensure collective engagement via regular dialogue with staff representatives
- provide for the timely exchange of information
- facilitate regular, planned, meaningful and timely two-way communication
- foster and sustain an inclusive approach to managing change

Consultation over health, safety and wellbeing is managed through the Health, Safety and Wellbeing Committee (HSWC). This committee comprises employee workplace health and safety representatives and senior management.

Trade union relationships

In 2016, HS2 Ltd and the Trades Union Congress (TUC) signed an Initial Framework Agreement (IFA). The IFA describes the parties' shared purpose and their values for effective joint working, and recognises the positive role trade unions can play in supporting the delivery of HS2.

The following principles reflect a commitment by the parties to shared values and a common purpose:

- potential of partnership at work
- commitment to equality, diversity and inclusion
- commitment to exemplary health, safety and wellbeing
- commitment to legacy – maximising economic and social regeneration
- commitment to environmental and social responsibility

Transport Salaried Staffs' Association (TSSA)

HS2 Ltd has a single union recognition agreement with the Transport Salaried Staffs' Association (TSSA). The National Collective Engagement Framework (CEF) 2019 sets out joint commitments on the following:

- health, safety and wellbeing (through the Health, Safety and Wellbeing Committee)
- respect at work
- exemplary equality, diversity and inclusion policies
- fair and decent terms and conditions
- opportunities to develop skills, experience and qualifications to enhance employability
- consultation and negotiation at an early stage when there are proposals for change

HS2 Ltd and the TSSA are jointly committed to foster and maintain harmonious employee and industrial relations. Joint working to date has included the development of the Managing Organisational Change Process, an agreed framework for managing change lawfully and effectively within the organisation.

Remuneration and Staff Report continued

Managing our people

During 2025/26, we continued to focus on ensuring we have the capability and capacity to successfully complete the revised programme. As part of the reset, we have stabilised the organisation, clarified priorities and strengthened accountability. This work will support the programme in line with refreshed expectations.

We have continued to embed changes to our organisational structure and ways of working to support construction, productivity, performance and value for money. During the year, the chief executive reshaped the executive team through new appointments to oversee the programme. The new chair, Mike Brown, strengthened the board by appointing additional non-executive directors with specialist skills. The chief executive and chair are focused on driving performance and delivery, and ensuring we have the leadership to support the next phase of the programme.

The work has included reinforcing leadership arrangements, supported by effective cross-organisational working and ensuring colleagues are equipped for the next phase as plans are refined and the programme progresses. Developing a performance-driven culture, supported by a digital-first approach, will bring a step change in programme delivery.

We engage with employees to understand their experience and identify further improvements we can make. We are focused on retaining critical skills and experience, supporting wellbeing and maintaining a culture of safety, inclusivity and performance. Continued investment in skills development will help to improve our teams over the coming years.

To deliver on our commitments, the board and executive team recognise the importance of clear objectives, effective engagement and strong leadership. We recognise the vital role our people make every day. Teams across the organisation

and our wider partnerships will complete the railway to the highest possible standards, while maintaining a strong focus on cost effectiveness.

Off-payroll appointees, consultancy and temporary staff

As part of the review of the tax arrangements of public sector appointees, published by the CST on 23 May 2012, bodies have been asked to report on their off-payroll engagements and related tax arrangements for the periods and scope outlined by HMT. Expenditure categorised in the finance system as contingent labour with recruitment agencies for the year ended 31 March 2026 was £11.1 million (2024/25: £16.1 million).

The approach to calculating expenditure on consultancy has been updated since last year with the prior year figure restated accordingly. The new approach is based on a full assessment of all contracts using the Cabinet Office definition of consultancy. Spend against each contract has been calculated by year to give expenditure on consultancy for the year ended 31 March 2026 of £77.8 million (2024/25: £56.1 million) respectively.

The increase in consultancy expenditure reflects the time critical work on the reset of the programme, scope, and cost.

Off-payroll engagements as of 31 March 2026, costing more than £245 per day

Less than 1 year at the reporting date	221
Between 1 and 2 years at the reporting date	67
Between 2 and 3 years at the reporting date	21
Between 3 and 4 years at the reporting date	17
More than 4 years at the reporting date	18
Total engagements at the reporting date	344

Remuneration and Staff Report continued

Off-payroll engagements during the period 1 April 2025 to 31 March 2026, costing more than £245 per day

Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined in scope of IR35	473
Subject to off-payroll legislation and determined as out of scope of IR35	17
Engagements reassessed for compliance or assurance purposes during the year	17
Engagements which saw a change in IR35 status following reassessment	2
Total engagements during the reporting period	490

Approved by the board on 25 June 2026 and signed on 3 July 2026 on its behalf by:



Mark Wild
Chief Executive Officer
High Speed Two (HS2) Ltd

Off-payroll engagements of board members and/or senior officials with significant financial responsibility (SFR) between 1 April 2025 and 31 March 2026

The off-payroll engagements of senior officials with significant financial responsibility during the financial year was three people, and included:

- Interim chief financial officer held SFR from appointment on 3 March 2026
- Interim chief programme officer (CPO) held SFR from 19 January 2026
- General counsel held SFR from 15 January 2026

The appointments are on an interim basis while permanent recruitment for these roles is undertaken and are to maintain delivery and schedule at a critical stage of the reset. All appointments had approval granted by HS2 Ltd’s accounting officer.

Total number of individuals that have been deemed board members, and/or senior officials with significant financial responsibility, during the financial year	37
----------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

NB. This figure includes both on-payroll and off-payroll engagements.

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of High Speed Two (HS2) Limited for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012.

The financial statements comprise High Speed Two (HS2) Limited's:

- Statement of Financial Position as at 31 March 2026
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended
- the related notes including the significant accounting policies

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of High Speed Two (HS2) Limited's affairs as at 31 March 2026 and of the net expenditure after taxation for the year then ended
- have been properly prepared in accordance with the UK adopted International Accounting Standards
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the High Speed Two (HS2) Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities

Authorising legislation	Companies Act 2006, High Speed Rail (London – West Midlands) Act 2017, High Speed Rail (London – West Midlands) (Nomination) Order 2017, High Speed Rail (West Midlands – Crewe) Act 2021, Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012
-------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

HM Treasury and related authorities	Managing Public Money The Framework Document, Development Agreement and Remuneration Framework between the Department for Transport (DfT) and High Speed Two (HS2) Limited
-------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

Conclusions relating to going concern

In auditing the financial statements, I have concluded that High Speed Two (HS2) Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- the continued commitment by government to the High Speed Two programme as set out in its updates to Parliament
- the October 2024 budget announcement setting out government funding for High Speed two tunnels from west London to Euston in central London
- the June 2025 spending review commitments to HS2 funding to 2030
- future cash requirements including budget allocations set by DfT

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on High Speed Two (HS2) Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified though the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around management override of controls an area where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Assurance Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 60 to 61.

In this year's report I have recognised a separate key audit matter in respect of Cost Verification Assurance (CVA). In the prior year, CVA formed part of the key audit matter on main works civils contracts (MWCC) expenditure. I have presented it separately in 2025/26 for increased clarity.

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

Main works civils contracts (MWCC) expenditure

Description of risk

High Speed Two (HS2) Limited incurred £6,786m of expenditure, as part of its main works civil contracts (MWCC), on capital additions to the Assets under Construction balance in 2025/26 (2024/25: £6,851m).

Expenditure is recognised based on invoices and application for payments submitted by contractors, usually on a monthly basis. The assessment of the final cost of work completed, which drives accrued capital expenditure, is subject to significant estimation and judgement.

Given the overall values involved, that individual invoices are high value, and that, as part of resetting the programme, High Speed Two (HS2) Limited is currently undertaking a renegotiation of its main works civil contracts (MWCC) to improve cost control, my risk assessment identified a significant risk that:

- expenditure may be recognised for work that has not been completed by the contractor
- accrued expenditure, based on estimated cost of work done at 31st March 2026, may be recognised at incorrect amounts

Management have controls in place to identify error or overcharging on these contracts. These include initial checks prior to payment.

How the scope of my audit responded to the risk

In responding to this risk, I have:

- evaluated the design and implementation of controls around capital expenditure, focusing on pre-payment controls
- tested the operating effectiveness of IT controls over the purchase to pay process

- tested a sample of capital expenditure additions, and traced to supporting evidence including application for payments, invoices and key internal approvals. I have also verified that the work related to the 2025-26 financial year
- traced a sample of capital accruals to third party evidence to support the cost of work done. I have also reviewed post-year end application for payments and invoices to verify the accruals were raised at appropriate amounts

Key observations

My sample testing of capital expenditure and capital accruals did not identify any material misstatement.

Cost Verification Assurance (CVA)

Description of risk

As part of High Speed Two (HS2) Limited's main works civil contracts (MWCC) there is a risk that the contractors monthly applications for payment include costs that are not allowable under the contract. This may include goods and services which have been delivered but were not contracted or have not been priced in accordance with the contract and subsequent approved instructions.

High Speed Two (HS2) Limited have controls in place to identify error or overcharging on these contracts. The Cost Verification Assurance work seeks to verify the validity of payments made to contractors. These assurance checks are post payment but where disallowed or duplicated costs are identified, management make an adjustment to expenditure and seek to recover these costs from its contractors.

How the scope of my audit responded to the risk

In responding to this risk, I have:

- evaluated the design and implementation of controls around post-payment controls
- considered the results of post-payment cost verification exercises performed on High Speed Two (HS2) Limited's main works civils contracts (MWCC) as evidence of the effectiveness of management's controls

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

- reviewed the results of cost verification audits undertaken throughout the year to ensure that disallowable costs are correctly adjusted for in the financial statements and that I have sufficient appropriate assurance there is not material irregularity in the capital expenditure incurred by High Speed Two (HS2) Limited
- made inquiries of High Speed Two (HS2) Limited management on detecting and responding to instances of fraud identified, including how they are assuring themselves that this does not lead to material irregularity

Key observations

My review of High Speed Two (HS2) Limited's cost verification exercise did not identify any material irregularity.

Staff related expenditure

Description of risk

During 2025/26, High Speed Two (HS2) Limited incurred £2.5m of expenditure on Exit Packages (2024/25: £2.5m). Of this total amount, 88% (£2.2m) relates to Payments in Lieu of Notice (PILON). The level of spend this year reflects a number of High Speed Two (HS2) Limited staff leaving as part of its continuous organisational changes, following the ongoing reset.

My risk assessment therefore identified a risk that:

- High Speed Two (HS2) Limited's payments to leavers may have exceeded authorised limits of payments or were incorrectly calculated
- payments in Lieu of Notice (PILON) may be non-contractual and therefore may meet the definition of special severance payments requiring Treasury approval
- payments made by High Speed Two (HS2) Limited may not be in line with its framework of authorities, including Managing Public Money

How the scope of my audit responded to the risk

In responding to this risk, I have:

- performed testing on a sample of exit packages, including Payments in Lieu of Notice (PILON), to assess the accuracy of amounts paid by verifying salary details and recalculating redundancy entitlements
- considered the regularity of payments made, tracing these back to contracts to ensure eligibility and ensuring appropriate approvals were received where applicable

Key observations

My testing of staff-related expenditure did not identify any material misstatement or irregularity. Expenditure incurred was in line with the Remuneration Framework between the Department for Transport (DfT) and High Speed Two (HS2) Limited.

I observed that the majority of staff who left High Speed Two (HS2) Limited due to organisational changes were not required to work their notice period, including those with a six month notice period. Such an approach creates a risk that High Speed Two (HS2) Limited does not show full regard to protecting the value of public funds.

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for High Speed Two (HS2) Limited's financial statements as a whole as follows:

	Overall account materiality	Additional materiality
Materiality	£306 million	£51 million
Basis for determining materiality	Approx. 0.75% of assets under construction of £40,864 million (2024/25 materiality: £255 million).	Approx. 0.75% of gross expenditure (including capital) of £6,842 million (2024/25 materiality: £51 million).
Rationale for the benchmark applied	<p>I consider that the assets under construction balance is of primary interest to the users of the accounts because the construction of this asset is the overall objective of High Speed Two Limited. In addition, the total value of assets under construction is the best reflection of the overall costs and use of taxpayer's funds on the High Speed Two project to date, which is the primary focus of users of the accounts.</p> <p>This overall materiality applies to our work on the assets under construction and related balances, and capital commitments only.</p>	<p>I have determined that for balances in the financial statements, excluding assets under construction and capital commitments, misstatements of a lesser amount than overall materiality could influence the decisions of users of the financial statements given their comparatively lower values.</p> <p>Gross expenditure is the total capital plus revenue spend in year.</p> <p>This additional materiality has also been applied in the context of my regularity opinion.</p>

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

Performance materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 65% of materiality for the 2025/26 audit (2024/25: 65%). In determining performance materiality, I have considered the uncorrected misstatements identified in the previous period.

Other materiality considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error reporting threshold

I agreed with the Audit and Risk Assurance Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300k, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Assurance Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Assurance Committee have decreased assets by £14.6m.

Audit scope

The scope of my audit was determined by obtaining an understanding of High Speed Two (HS2) Limited and its environment, including the entity-wide controls, and assessing the risks of material misstatement.

Other information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

Opinion on other matters

In my opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements
- the information about internal control and risk management systems in relation to financial reporting processes, and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements
- information about the High Speed Two (HS2) Limited corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules

Matters on which I report by exception

In the light of the knowledge and understanding of High Speed Two (HS2) Limited and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report and Directors' Report
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff
- I have not received all of the information and explanations I require for my audit
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns
- certain disclosures of director's remuneration specified by law are not made
- the Governance Statement does not reflect compliance with HM Treasury's guidance

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

Corporate governance statement

The Listing Rules require me to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to High Speed Two (HS2) Limited's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 13
- directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 13
- directors' statement on fair, balanced and understandable set out on page 49
- board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 69
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 78
- the section describing the work of the audit committee set out on pages 60 to 61

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the directors and accounting officer are responsible for:

- maintaining proper accounting records
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
- providing the C&AG with additional information and explanations needed for his audit
- providing the C&AG with unrestricted access to persons within High Speed Two (HS2) Limited from whom the auditor determines it necessary to obtain audit evidence
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006 and HM Treasury's Financial Reporting Manual
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006 and HM Treasury's Financial Reporting Manual
- assessing the High Speed Two (HS2) Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud

- considered the nature of the sector, control environment and operational performance including the design of High Speed Two (HS2) Limited's accounting policies, key performance indicators and performance incentives

- inquired of management, High Speed Two (HS2) Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the High Speed Two (HS2) Limited's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations
 - detecting and responding to the risks of fraud
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the High Speed Two (HS2) Limited's controls relating to High Speed Two (HS2) Limited's compliance with the Companies Act 2006 and Managing Public Money
- inquired of management, High Speed Two (HS2) Limited's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations
 - they had knowledge of any actual, suspected, or alleged fraud
- discussed with the engagement including internal IT auditors regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

As a result of these procedures, I considered the opportunities and incentives that may exist within the High Speed Two (HS2) Limited for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override

The Certificate and Report of The Comptroller and Auditor General to the Sole Member of High Speed Two (HS2) Limited and the Houses of Parliament

I obtained an understanding of the High Speed Two (HS2) Limited's framework of authority and other legal and regulatory frameworks in which High Speed Two (HS2) Limited operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of High Speed Two (HS2) Limited. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business
- I considered losses and special payments and remuneration rewards to ensure appropriate approval for these transactions was obtained in line with High Speed Two (HS2) Limited's Framework Agreement with the Department for Transport, and the Remuneration Framework

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

7 July 2026

**Comptroller and Auditor General
(Statutory Auditor)
National Audit Office**

157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure	102
Statement of Financial Position	103
Statement of Cash Flows	105
Statement of Changes in Taxpayers' Equity	107
Notes to the Financial Statements	108

Statement of Comprehensive Net Expenditure

	Note	Year ended 31 Mar 2026 £'000	Year ended 31 Mar 2025 £'000
Income			
Other income		(9,881)	(16,450)
Total income for the year		(9,881)	(16,450)
Expenditure			
Staff costs	4	10,265	14,081
Other expenditure	5	38,398	55,815
Non-cash items	5	10,079	16,829
Total expenditure for the year		58,742	86,725
Net expenditure before taxation		48,861	70,275
Taxation	6	-	-
Net expenditure after taxation		48,861	70,275
Other comprehensive expenditure			
Items which will not be reclassified to net operating costs:			
No other transactions to be recorded			
		-	-
Total comprehensive net expenditure for the year		48,861	70,275

The accounting policies and notes on pages 108 to 133 form part of these financial statements.

The majority of the company's expenditure is capitalised, following the principles in Note 2.10.

Notes 3 and 5 provide a breakdown of expenditure which includes both capitalised and non-capitalised items.

The other income relates to cost reimbursements from various third parties for works that are being undertaken along the route of the railway.

Statement of Financial Position

	Note	As at 31 Mar 2026 £'000	As at 31 Mar 2025 £'000
Non-current assets			
Intangible assets	7	7,274	10,493
Property, plant and equipment	8	40,890,920	34,112,674
Total non-current assets		40,898,194	34,123,167
Current assets			
Trade and other receivables	9	233,981	242,561
Cash and cash equivalents	10	56,308	148,974
Total current assets		290,289	391,535
Total assets		41,188,483	34,514,702
Current liabilities			
Trade and other payables	11	(994,138)	(772,952)
Provisions	12	(64,143)	(80,165)
Borrowings	13	(2,858)	(2,787)
Financial liabilities	14	(678)	(2,493)
Total current liabilities		(1,061,817)	(858,397)
Non-current liabilities			
Borrowings	13	(6,217)	(9,124)
Financial liabilities	14	(5)	(494)
Provisions	12	(33,375)	(6,578)
Total non-current liabilities		(39,597)	(16,196)
Total liabilities		(1,101,414)	(874,593)
Total net assets		40,087,069	33,640,109

Statement of Financial Position

continued

	Note	As at 31 Mar 2026 £'000	As at 31 Mar 2025 £'000
Taxpayers' equity			
General reserve		40,087,069	33,640,109
		40,087,069	33,640,109

The HS2 Ltd (company registration number 06791686) accounts are exempt from the requirements of Part 16 of the Companies Act under section 482 of that Act (non-profit-making companies subject to public sector audit). They are subject to audit by the Comptroller and Auditor General under section 25(6) of the Government Resources and Accounts Act 2000.

The accounting policies and notes on pages 108 to 133 form part of these financial statements. The financial statements on pages 102 to 107 were approved by the board on 25 June 2026 and signed on 3 July 2026 on its behalf by:



Mark Wild

Chief Executive Officer
High Speed Two (HS2) Ltd

Statement of Cash Flows

	Note	Year ended 31 Mar 2026 £'000	As restated year ended 31 Mar 2025 £'000
Cash flows from operating activities			
Net operating cost per Expenditure Statement		(48,861)	(70,275)
(Increase) / decrease in trade and other receivables	9	(3,741)	11,082
Increase / (decrease) in trade and other payables	11	1,200	(1,324)
Adjustment for remaining non-cash items	5 & 12	20,187	20,017
Adjustment for interest on leases	5	231	-
Adjustment for leased asset disposal	5	806	223
Net cash outflow from operating activities		(30,178)	(40,277)
Cash flows from investing activities			
(Increase) / decrease in trade and other receivables	9	12,320	36,342
Increase / (decrease) in trade and other payables	11	(50,010)	50,153
Increase / (decrease) in borrowings	13	(3,067)	(6,280)
Purchase of property, plant and equipment	8	(6,513,293)	(7,056,245)
Purchase of intangible assets	7	(108)	(24)
Disposal of property, plant and equipment	8	-	2,987
Net cash outflow from investing activities		(6,559,158)	(6,973,067)

Statement of Cash Flows

continued

	Note	Year ended 31 Mar 2026 £'000	As restated year ended 31 Mar 2025 £'000
Cash flows from financing activities			
Capital contributions from DfT		6,495,822	7,110,897
Net cash outflow from financing activities		6,495,822	7,110,897
Net foreign exchange gain / loss on cash assets	5	849	(3,334)
Net increase / (decrease) in cash and cash equivalents		(92,665)	94,219
Cash and cash equivalents at the beginning of the year	10	148,974	54,755
Cash and cash equivalents at the end of the year	10	56,309	148,974

The restated Statement of Cash Flows impacts the 'Purchase of property, plant and equipment' and 'Increase / (decrease) in trade and other payables' within investing activities section. See note 2.19 for further information.

The accounting policies and notes on pages 108 to 133 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

	General Reserve £'000	Total Reserves £'000
Balance at 1 April 2024	26,599,487	26,599,487
Changes in taxpayers' equity 2024/25		
Net operating cost for the year	(70,275)	(70,275)
IFRS 16 opening balance adjustment		-
Capital contribution from the DfT	7,110,897	7,110,897
Balance at 31 March 2025	33,640,109	33,640,109
Changes in taxpayers' equity for 2025/26		
Net operating cost for the year	(48,861)	(48,861)
Capital contribution from the DfT	6,495,822	6,495,822
Balance at 31 March 2026	40,087,070	40,087,070

The general reserve serves as the chief operating fund used to account for all financial resources.

The accounting policies and notes on pages 108 to 133 form part of these financial statements.

Notes to the Financial Statements

1. General information

HS2 Ltd (the company) is a private company limited by guarantee without share capital (company registration number 06791686), domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006.

The Secretary of State for Transport is the company's sole member and undertakes to contribute £1 towards the company's debts in the event that it is wound up.

The registered office and principal place of business of the company is Two Snowhill, Snow Hill Queensway, Birmingham B4 6GA, and the company's principal activities are to develop proposals, design, build and operate a high-speed railway between London and the West Midlands. The period covered by these accounts is 12 months to 31 March 2026 and forms part of the DfT group consolidated accounts.

2. Statement of accounting policies

2.1. Basis of preparation

These financial statements have been prepared in accordance with the UK adopted International Accounting Standards (IAS) and IFRIC interpretations and with the requirements of the Companies Act 2006 applicable to companies reporting under IASs. As a non-departmental public body (NDPB), the company also adopts the interpretations of IFRS and additional disclosure requirements contained in the Government Financial Reporting Manual (FRM) for 2025/26, where these are compatible with the requirements of the Companies Act.

Where this framework permits a choice of policy, the accounting policy judged to be most appropriate to the particular circumstances of the company for the purpose of giving a true and fair view has been selected. The particular policies adopted by the company are described below and have been applied consistently in dealing with matters considered material to the accounts.

2.2. Accounting convention

These financial statements have been prepared on a going concern basis as outlined in Note 2.5 and under the historical cost convention unless stated otherwise.

2.3. New or amended accounting standards and interpretations adopted

The company has reviewed any new accounting standards, amendments and interpretations of standards that are effective during the period ending 31 March 2026 and does not consider there to be a material impact on the company's financial statements.

2.4. New or amended accounting standards and interpretations not yet adopted

The company has considered the IFRS 18 Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements, coming into effect for annual reporting periods starting on or after 1 January 2027, and does not consider there to be a material impact.

2.5. Going concern

HS2 is funded entirely by capital contribution from the DfT as provided by Section 6 of the Railways Act 2005, the High Speed Rail (Preparation) Act 2013 and section 63 of the High Speed Rail (London to West Midlands) Act 2017 and High Speed Rail (West Midlands to Crewe) Act 2021, and the funding provisions in the Development Agreement, Framework Document and annual delegation letters from DfT to HS2 Ltd.

As part of the June 2025 Spending Review, the DfT reached a settlement with HMT to fund the delivery of HS2, up to £25.3 billion (nominal prices) covering the financial years 2026/27 to 2029/30.

In July 2025, the Secretary of State presented a report to Parliament tasking HS2 Ltd's new CEO Mark Wild with leading a comprehensive reset of the programme with the aim of providing an updated delivery baseline and funding envelope in 2026. A further instruction from the Secretary of State in March 2026 set out a requirement for HS2 to

Notes to the Financial Statements

continued

continue to explore options to remove complexity from the programme with a view to reduce the cost and bring the railway into service earlier.

In May 2026, the Secretary of State announced that following the reset, the project is now expected to cost between £87.7 and £102.7 billion with trains expected to start between Old Oak Common and Birmingham Curzon Street between 2036 and 2039. The full scheme from London Euston to Curzon Street and a connection to the West Coast Main Line is expected between 2040 and 2043.

The DfT has agreed budget allocations for the HS2 programme for financial year 2026/27, giving a reasonable expectation that the company is able to continue as a going concern for at least that period.

No material uncertainties were identified in the going concern assessment. In line with Notice to Proceed, confirmed on 15 April 2020, and the new instructions from the Secretary of State in July 2025 and March 2026 on resetting the programme and reducing the time and cost alongside the existing work underway, it is considered appropriate to adopt a going concern basis to prepare these financial statements.

2.6. Critical accounting judgements and estimates

The company applies the following significant estimation techniques:

- the company performs an annual impairment review to determine if there any internal or external indicators of impairment that will have an adverse impact on the construction of the railway asset. As part of the review, any significant government announcements have been considered for the financial year ended 31 March 2026
- the recognition and valuation of accrued liabilities for work done by its professional service contractors is based on the company's best estimates of the work done at the balance sheet date. The value of work done is certified, invoiced

and paid only when all issues regarding the valuation of work done have been resolved to the company's satisfaction. Accruals are based on the company's view of application for payment and other information provided by the contractors leading up to certification. When accruing, the company takes a view on cost of work done, applications for payment, and any disputed costs in measuring the value of works performed at the year-end date. Further cost verification is undertaken after the point of payment through a more detailed independent assurance process, which provides a retrospective review of costs and commercial challenge to suppliers. Any costs identified as disallowable under the contract are then credited by the supplier and removed from the asset under construction balance. Refer to Note 2.17 Cost of Work Done (COWD) for further information. If any formal disputes are recognised, as defined per the contracts, these will be accounted for in line with IAS 37 Provisions

- estimates of the contribution of each business unit are used to allocate costs inclusive of administration and some overhead costs as directly attributable to the phases of the HS2 programme. Allocation drivers include headcount and expenditure. Refer to Note 2.10 as to whether costs are expensed or capitalised
- undertakings and assurances classified as either a contingent liability or a provision is based on applying IAS 37. Each undertaking and assurance is considered on a case-by-case basis and involves some degree of judgement and estimation of the potential liability and appropriate classification

2.7. Financing

The company is funded by capital contribution from the DfT as its sole controlling party. Funds are credited to reserves in accordance with the FReM and IFRS framework.

Notes to the Financial Statements

continued

2.8. Leases (the company as a lessee)

Low value and short-term leases

IFRS 16 includes recognition exemptions for lessees – leases of 'low value' assets and 'short-term' leases (i.e. leases with a lease term of 12 months or less). Low value is not defined under the standard so is assessed on a lease-by-lease basis. The costs for these types of operating leases are charged as an expense as incurred.

Leased assets (classified as right-of-use assets) and lease liabilities (classified as borrowings)

Recognition – identification of leases

IFRS 16 defines a lease as a contract that 'conveys the right to control the use of an identified asset for a period of time in exchange for consideration'. This definition applies both to lessees and lessors.

For peppercorn leases, where the consideration paid is nil or nominal, the lessee shall still account for the right-of-use asset and the lease liability in accordance with IFRS 16.

Recognition – lease term

For building leases, the lease end date is used when recognising the lease term. This is because, in management's view at the reporting date, any break clauses are unlikely to be exercised.

Recognition – lease payments

IFRS 16 requires the right-of-use asset and the lease liability to be initially measured at the present value of unavoidable future lease payments.

Rent payments for building leases fall within the scope of IFRS 16 and are classified as fixed payments. Consistent with the DfT, company building leases, service charges and rates payable do not fall within the scope of IFRS 16 and so are expensed as incurred.

Recognition – discount rate

The company has used the central internal rate of borrowing issued by HMT of 1.99% as the discount rate for leases adopted on 1 April 2019, as the implicit discount rate could not be determined. Any new leases use the rate that is applicable at

the time of signing the lease. The discount rate adjustment is classified as finance costs in the financial statements.

Peppercorn leases – recognition and subsequent measurement

The company applies the principles of IFRS 16 when recognising and measuring peppercorn leases where right-of-use is identified.

When a right-of-use asset is recognised, it is initially measured at its current value in existing use or fair value, depending on whether the right-of-use asset will be held for its service potential. The company values peppercorn leases initially at fair value.

Lease modifications

For any lease modifications that are not accounted for as separate lease, the company shall account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and shall be written off to the Statement of Consolidated Net Expenditure (SoCNE) with a loss (or gain) being recognised.

2.9. Intangible assets

Recognition

Expenditure on intangible assets, which are non-monetary assets without physical substance and identifiable, are capitalised where the cost is £1,000 or more and this is applied on a grouped basis using the threshold of £1,000 where the elements in substance form a single asset.

Measurement

Intangible assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. All intangible assets are valued on the basis of amortised historic cost as an approximation of fair value.

Notes to the Financial Statements

continued

Impairment

Intangible assets are monitored throughout the year as to whether there is any indication that an asset may be impaired. At the end of each reporting period, tests for impairment are carried out on all assets.

Amortisation

The company reviews and updates the remaining useful economic life (UEL) of all its intangible assets each year. This is the period for which the asset provides economic benefits that will flow to the company from its use. The typical UEL for intangible assets is in the range of 3 to 5 years or for the length of the licence.

Disposals

When scrapping or disposing of an intangible asset, the carrying amount is written off to the SoCNE and a loss (or gain) is recognised and reported net of any disposal proceeds.

2.10. Property, plant and equipment

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

A capitalisation threshold of £1,000 is applied to all asset classes other than the railway infrastructure asset, which has no minimum limit. Expenditure below this value is charged as an expense in the SoCNE.

Property, plant and equipment usually comprises single assets. However, capitalisation is applied on a grouped basis using a threshold of £1,000 where the elements in substance form a single asset. Further, where an item includes material components with significantly different useful economic lives, those components are capitalised separately and depreciated over their specific useful economic lives.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as incurred.

The railway infrastructure asset is capitalised on an accruals basis, provided that it is probable that the economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The trigger point at which these criteria are satisfied is considered separately for each phase of the railway, and is taken to be met at the point when key enabling legislation is substantively enacted. This is defined as the passing of the second reading of the hybrid bill for a phase of the HS2 project as the second reading establishes the principles and need for the scheme.

Note that land and property acquisitions and compensation schemes are required to bring the railway asset into operational condition. This is an expense that the Secretary of State incurs directly and recognises and is therefore not listed in these accounts. Refer to Note 2.11.

Due to the nature of operations at HS2, some administration and overhead costs are capitalised as they are directly attributable to business activity. An allocation model is used to apportion costs as capital and revenue based on the nature of the costs, headcount and expenditure.

Measurement

Property, plant and equipment, including railway assets under construction, are valued in accordance with IAS 16 Property, Plant and Equipment and initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Notes to the Financial Statements

continued

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located where an obligation to dismantle or remove the asset arises from its acquisition or usage

Assets are thereafter carried in the balance sheet using the following measurement bases:

- all property, plant and equipment, other than railway infrastructure assets and right-of-use assets, are considered to be relatively short-life or low-value assets and are valued on the basis of depreciated historic cost as an approximation of fair value
- railway infrastructure assets, when complete and available for their intended purpose, will be valued in accordance with IFRS and any compatible interpretations in the FReM. During the construction period, such assets are valued at cost because they are not fully complete and ready for use. The hybrid bill second readings are the recognition point when costs are classified as railway infrastructure assets and so are capitalised from this point onwards. For Phase One, this is April 2024 and following the Network North announcement regarding the cancellation of Phase Two on 4 October 2023, Phase Two no longer meets the criteria of being capitalised

For the subsequent measurement of right-of-use assets, refer to Note 2.8.

Impairment

Property, plant and equipment are monitored throughout the year as to whether there is any indication that an asset may be impaired. At the end of each reporting period, tests for impairment are carried out for all assets.

In assessing the value of the railway assets under construction, the company recognises that design work on major projects is by nature iterative, including from a fair value perspective, review for impairment indicators is restricted to significant

changes in the planned location, nature or capability of major asset components.

Where impairment indications exist the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the SoCNE.

Where an impairment loss is subsequently reversed, the reversal is credited in the SoCNE, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided on all non-current assets, apart from assets under construction, from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its UEL. Assets that are under construction, including the railway assets under construction, are not depreciated until such time as they are available for their intended use.

The company reviews and updates the remaining UEL of all its assets each year. This is the period for which the asset provides economic benefits that will flow to the company from its use. The typical UEL for the different assets is detailed below.

Asset type	Typical UEL
IT equipment	3 years
Plant and equipment	3 years
Leasehold improvements	Up to the expected date of exit (either lease break or end date)

Disposals

When scrapping or disposing of an asset classified as property, plant and equipment, the carrying amount is written off to the SoCNE and a loss (or gain) is recognised and reported net of any disposal proceeds.

Notes to the Financial Statements

continued

2.11. Land and Property

Properties acquired to bring the railway asset into operational condition are purchased on behalf of the Secretary of State and are recognised as assets in the DfT's financial statements. Consequently, the company does not accrue or make provision for the acquisition of property. Activities undertaken on behalf of the Secretary of State include Compulsory Purchase Orders (CPOs), Non-Compulsory Purchase Orders (Non CPOs), Compensation Schemes and Safeguarding Schemes. Cash is held by HS2 Ltd on behalf of the DfT to fulfil both CPO and Non-CPO payments. These purchases belong to and are accounted for by the DfT so the cash held is offset by short-term creditors included in trade payables.

The company manages the portfolio of rental properties acquired as an agent for the DfT for the HS2 programme. The company recovers any related costs from and remits net rental income to the DfT. The company is acting as an agent as it does not have exposure to the significant risks and rewards associated with the rendering of its services and as such does not recognise reimbursement of its costs as revenue.

2.12. Cash and cash equivalents

Cash and cash equivalents comprise bank balances held with the government banking service and commercial bank accounts. The carrying amount of these assets approximates to their fair value.

2.13. Taxation

There is no current tax liability, but any liability in future years would be calculated using the tax rates that have been enacted or substantively enacted at the balance sheet date.

2.14. Provisions

The company makes provision for liabilities and charges in accordance with IAS 37 where a legal or constructive liability (i.e. a present obligation arising from past events) exists, the transfer of economic benefits is probable and a reasonable estimate can be made. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the rates set by HMT. When the discount is unwound, the adjustment is recognised as an interest expense.

2.15. Contingent liabilities

In accordance with IAS 37, the company discloses, as a contingent liability, those possible obligations arising from past events, whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within its control; and those present obligations arising from past events not recognised because it is either not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured with sufficient reliability. Where the time value of money is material, contingent liabilities disclosed under IAS 37, are stated at discounted amounts.

2.16. Derivatives held at fair value through profit and loss

The company's financial instruments held at fair value through profit and loss (FVTPL) in accordance with IFRS 9 comprise foreign currency forward purchase contracts. These contracts have been transacted with the Bank of England (BoE) to manage foreign exchange risk along the supply chain and are held with HS2 Ltd in order to mitigate risk.

Notes to the Financial Statements

continued

These contracts are initially recognised at fair value. The transaction amount is deemed to be the best evidence of fair value at initial recognition. Any transaction costs are expensed as incurred. They are restated to fair value at the end of each reporting period. The change in fair value is recognised in SoCNE as an unrealised loss (or gain). The net derivative outstanding at the reporting date is disclosed as either a financial asset or financial liability in the Statement of Financial Position (SoFP).

2.17. Cost of Work Done (COWD)

The additions to property, plant and equipment are valued using an estimate of the cost of work done in the year to 31 March 2026. To the extent that the COWD is greater than the invoiced amount, a PPE addition and a corresponding accrual in Note 11 are recognised on the basis of expected amounts required to settle contractual obligations. COWD assessments are based on information readily available to project managers on the status of works, but some estimation uncertainty is involved in the year-end assessment. See Note 2.6 for further information.

2.18. VAT

Under the HMRC Manual (VAT Government and Public Bodies, Contracted Out Services Heading 82), HS2 Ltd can recover VAT on non-business goods and services necessary for the purpose of the development and delivery of the railway. HS2 Ltd can also recover VAT on rolling stock as a business activity for VAT purposes. HMRC have ruled that VAT costs incurred on Phase Two activities required as a result of the cancellation (exit costs) and any work requested by DfT on Northern Powerhouse Rail are not reclaimable under the Contracted Out Services Heading 82.

2.19. Prior year restatement

Comparative figures for the year ended 31 March 2025 have been restated to correct the classification of accruals previously included within purchased property, plant and equipment, in line with IAS 7 Statement of Cash Flows. For that year, an adjustment of £204.7 million has been made within the 'Purchase of property, plant and equipment' and 'Increase / (decrease) in trade and other payables' within investing activities section. Additionally, the line item 'Net foreign exchange gain/loss on cash assets' of (£3.3) million has been reclassified to align with the presentation requirements set out in IAS 7 Statement of Cash Flows.

Notes to the Financial Statements

continued

3. Statement of expenditure by operating segment

The executive team and board receive a monthly programme report, which sets out expenditure against the allocated budgets for the financial year. The report covers the results of both the company and the HS2 programme and reflects the way in which the programme is managed.

The figures below relate to the company only and show a summary of capital and resource expenditure for the year, including expenditure on tangible and intangible assets.

Year ended 31 Mar 2026	Capital Expenditure £'000	Resource Expenditure £'000	Total £'000
Phase One	6,785,802	-	6,785,802
Phase Two close out	-	19,234	19,234
Phase Two hybrid Bill	-	9,302	9,302
Phase Two NPR	-	(1,527)	(1,527)
Cost reimbursements	9,881	-	9,881
Grant expenditure	9,610	-	9,610
Other capital	2,615	-	2,615
Exchange (gain) / loss	(20)	-	(20)
Unrealised exchange (gain) / loss	-	(849)	(849)
Fair value (gain) / loss	-	(2,303)	(2,303)
Disposal of fixed assets (gain) / loss	-	806	806
Depreciation and amortisation	-	12,564	12,564
Finance costs	-	231	231
Administration	-	1,793	1,793
Total net expenditure	6,807,888	39,251	6,847,139
As analysed to:	£'000	£'000	£'000
Programme costs	6,807,888	37,458	6,845,346
Administration costs	-	1,793	1,793
Total net expenditure	6,807,888	39,251	6,847,139

Notes to the Financial Statements

continued

3. Statement of expenditure by operating segment continued

Year ended 31 Mar 2025	Capital Expenditure £'000	Resource Expenditure £'000	Total £'000
Phase One	6,851,406	-	6,851,406
Phase Two close out	-	27,871	27,871
Phase Two hybrid Bill	-	14,655	14,655
Phase Two NPR	-	(2,188)	(2,188)
Cost reimbursements	9,304	7,146	16,450
Grant expenditure	9,340	77	9,417
Other capital	167	-	167
Exchange (gain) / loss	25	-	25
Unrealised exchange (gain) / loss	-	3,334	3,334
Fair value (gain) / loss	-	1,816	1,816
Disposal of fixed assets (gain) / loss	-	(223)	(223)
Depreciation and amortisation	-	13,904	13,904
Finance costs	-	339	339
Administration	-	1,350	1,350
Total net expenditure	6,870,242	68,081	6,938,323
As analysed to:	£'000	£'000	£'000
Programme costs	6,870,242	66,731	6,936,973
Administration costs	-	1,350	1,350
Total net expenditure	6,870,242	68,081	6,938,323

Notes to the Financial Statements

continued

4. Staff numbers and costs

	Direct employees 2026	Other personnel 2026	Year ended 31 Mar 2026 Total	Year ended 31 Mar 2025 Total
Full time equivalent persons employed – average for the year	1,863	68	1,931	2,043
Staff costs comprise:	£'000	£'000	£'000	£'000
Wages and salaries	138,350	12,358	150,708	154,834
Social security costs	17,683	-	17,683	15,727
Other pension costs	15,516	-	15,516	15,679
Chair and non-executives fees	455	-	455	403
Total staff costs	172,004	12,358	184,362	186,643
Non-cash items include:			£'000	£'000
Capitalised expenses (staff costs)			(174,097)	(172,562)
Total non-cash costs			(174,097)	(172,562)
Total staff costs in statement of net expenditure			10,265	14,081

Fees and salaries paid to the directors are set out in the Remuneration Report (pages 80 to 90).

The Remuneration Report also details pension entitlements, which covers both direct employees and other personnel.

Staff seconded from other bodies, together with contract and agency personnel, are shown under 'Other personnel'.

Notes to the Financial Statements

continued

5. Other expenditure

	Year ended 31 Mar 2026 Capital £'000	Year ended 31 Mar 2026 Resource £'000	Year ended 31 Mar 2025 Capital £'000	Year ended 31 Mar 2025 Resource £'000
Non-staff expenditure includes:				
Professional services	400,083	17,032	438,623	30,830
Engineering services	6,086,054	16	6,176,754	136
Environmental services	2,678	14	4,137	4
Design - utilities	10,738	13	3,379	36
Licences and surveys	(111)	(1,342)	113	184
Communication and information technology	25,200	1,260	21,967	1,613
Accommodation costs	34,538	610	11,719	479
Property advice and valuation	39,063	105	16,451	2,426
Legal costs	5,735	78	4,962	65
Travel and subsistence	1,904	160	2,067	152
Grant expenditure	9,610	-	9,340	77
Auditors' remuneration and expenses	-	295	-	290
Recruitment fees	1,111	59	1,001	88
HMRC costs	(1,378)	136	(4)	171
Finance costs	-	231	-	339
Other costs	5,057	240	3,789	281
	6,620,282	18,907	6,694,298	37,171

Notes to the Financial Statements

continued

5. Other expenditure continued

	Year ended 31 Mar 2026 Capital £'000	Year ended 31 Mar 2026 Resource £'000	Year ended 31 Mar 2025 Capital £'000	Year ended 31 Mar 2025 Resource £'000
Non-cash items include				
Depreciation of tangible assets	-	8,799	-	10,314
Increase / (decrease) in provisions	10,914	(139)	3,189	(2,002)
Exchange (gain) / loss	(20)	-	25	-
Unrealised exchange (gain) / loss	-	(849)	-	3,334
Fair value (gain) / loss	-	(2,303)	-	1,816
Amortisation of intangible assets	-	3,765	-	3,590
Disposal of fixed assets (gain) / loss	-	806	-	(223)
Total non-cash costs	10,894	10,079	3,214	16,829
Total other expenditure	6,631,176	28,986	6,697,512	54,000

The expenditure in engineering services primarily relates to construction works and professional services primarily relates to design works.

Included in the above is expenditure related to external audit services of £0.30 million (2024/25: £0.29 million); internal audit services of £1.2 million (2024/25: £1.2 million) and taxation compliance services of £0.02 million (2024/25: £0.01 million). Other capital expenditure of £2.6 million (2024/25: £0.2m) is not included in the above as these amounts are reported in Note 7 and 8. HMRC costs include a £1.3 million refund in respect of the £6.2 million Off-Payroll Working (IR35) payment made in the financial year ended 31 March 2024.

Notes to the Financial Statements

continued

6. Taxation

	Year ended 31 Mar 2026 £'000	Year ended 31 Mar 2025 £'000
Current taxation		
UK corporation tax	-	-
Total UK corporation tax	-	-
Factors affecting the tax charge for the period		
The effective rate of tax for the period is equal to the standard rate of corporation tax in the UK of 25%		
The differences are explained below:		
Net expenditure before taxation	(48,861)	(70,275)
Tax at the standard rate of corporation tax in the UK 25% (2024: 25%)	(12,215)	(17,569)
Income and expenditure not subject to corporation tax	12,215	17,569
Unrecognised tax losses		
Total taxation charge	-	-

HS2 Ltd is not within the charge to corporation tax on its core activity of developing and building the railway, while ancillary activities such as loan relationships remain within the charge to corporation tax.

The corporation tax rate is 25% (2024/2025: 25%).

No asset has been recognised for the tax losses accruing in the year on the grounds that taxable profits do not exist. If any profits were to arise in the future, the tax losses worth £0.6 million (2024/25: £0.6 million) may be used against them. The tax loss has been carried forward from the corporation tax return for 2024 and these losses do not expire whilst HS2 Ltd has a potential source of taxable income.

Notes to the Financial Statements

continued

7. Intangible assets

All assets are owned and there are no intangible assets under a lease.

	Website £'000	Software £'000	Total £'000
Cost or valuation			
At 1 April 2025	164	33,222	33,386
Additions	-	546	546
Disposals	-	(4,491)	(4,491)
At 31 March 2026	164	29,277	29,441
Depreciation			
At 1 April 2025	164	22,729	22,893
Charged in year	-	3,765	3,765
Disposals	-	(4,491)	(4,491)
At 31 March 2026	164	22,003	22,167
Net book value at 31 March 2026	-	7,274	7,274
Net book value at 31 March 2025	-	10,493	10,493

	Website £'000	Software £'000	Total £'000
Cost or valuation			
At 1 April 2024	164	33,198	33,362
Additions	-	24	24
At 31 March 2025	164	33,222	33,386
Amortisation			
At 1 April 2024	164	19,139	19,303
Charged in year	-	3,590	3,590
At 31 March 2025	164	22,729	22,893
Net book value at 31 March 2025	-	10,493	10,493
Net book value at 31 March 2024	-	14,059	14,059

Notes to the Financial Statements

continued

8. Property, plant and equipment (PPE)

	Assets under construction railway £'000	Right-of-use £'000	Leasehold improvements, plant and equipment £'000	IT equipment £'000	Total £'000
Cost or valuation					
At 1 April 2025	34,083,247	54,365	22,027	19,898	34,179,537
Additions	6,785,782	-	430	1,639	6,787,851
Disposals	-	-	(2,406)	(10,629)	(13,035)
At 31 March 2026	40,869,029	54,365	20,051	10,908	40,954,353
Depreciation					
At 1 April 2025	-	34,164	14,764	17,935	66,863
Charged in year	-	5,815	1,708	1,276	8,799
Disposals	-	-	(1,600)	(10,629)	(12,229)
At 31 March 2026	-	39,979	14,872	8,582	63,433
Net book value at 31 March 2026	40,869,029	14,386	5,179	2,326	40,890,920
Net book value at 31 March 2025	34,083,247	20,201	7,263	1,963	34,112,674

Notes to the Financial Statements

continued

8. Property, plant and equipment (PPE) continued

	Assets under construction railway £'000	Right-of-use £'000	Leasehold improvements, plant and equipment £'000	IT equipment £'000	Total £'000
Cost or valuation					
At 1 April 2024	27,231,817	60,995	22,027	19,754	27,334,593
Additions	6,851,430	-	-	144	6,851,574
Disposals	-	(6,630)	-	-	(6,630)
At 31 March 2025	34,083,247	54,365	22,027	19,898	34,179,537
Depreciation					
At 1 April 2024	-	31,468	12,957	15,768	60,193
Charged in year	-	6,339	1,807	2,167	10,313
Disposals	-	(3,643)	-	-	(3,643)
At 31 March 2025	-	34,164	14,764	17,935	66,863
Net book value at 31 March 2025	34,083,247	20,201	7,263	1,963	34,112,674
Net book value at 31 March 2024	27,231,817	29,527	9,070	3,986	27,274,400

All assets are owned aside from the right-of-use assets that have been acquired as leased assets that fall within scope of IFRS 16. The IT equipment headings include assets under construction (AUC) amounting to £2.6 million, which are not available for use at the year end, and therefore have not yet been depreciated (2024/25: £0.3 million).

Given the interdependency of the assets comprising the railway, the company has concluded that the railway is considered as a single class of asset. The railway is under construction, is valued at historic cost and is analysed within capital expenditure in Note 3 and Note 5.

Notes to the Financial Statements

continued

9. Trade and other receivables

Amounts falling due within one year	Year ended 31 Mar 2026 £'000	Year ended 31 Mar 2025 £'000
VAT receivable	185,851	211,271
Other receivables	18,982	7,128
Prepayments	29,148	24,162
	233,981	242,561

The VAT receivable amount for the year ending 31 March 2026 relates to February and March 2026 VAT returns, similar to prior year where the VAT receivable amount related to February and March 2025.

10. Cash and cash equivalents

	Year ended 31 Mar 2026 £'000	Year ended 31 Mar 2025 £'000
Balance at 1 April	148,974	54,755
Net change in cash and cash equivalent balances	(92,665)	94,219
Balance at 31 March	56,308	148,974

Analysis of cash equivalents	Year ended 31 Mar 2026 £'000	Year ended 31 Mar 2025 £'000
Cash held with the Government Banking Service	54,155	146,922
Cash held in commercial bank account	2,153	2,052
	56,308	148,974

Included in Cash held with the Government Banking Service is land and property funding totalling £10.4 million (2024/25: £72.6 million) transferred to the company by the DfT for compulsory purchase orders (CPOs) and for non-compulsory purchase orders (Non-CPOs). These purchases belong to and are accounted for by the DfT for the reasons outlined in Note 2.11, so the cash held is offset by short-term creditors included in Trade payables, Note 11. Also, included in 'Cash held with the Government Banking Service' is foreign currency (euro) translated to sterling to the amount of £24.6 million (2024/25: £20.8 million).

Notes to the Financial Statements

continued

11. Trade and other payables

Amounts falling due within one year	Year ended 31 Mar 2026 £'000	Year ended 31 Mar 2025 £'000
Trade payables	48,788	102,437
Accruals	945,350	670,515
	994,138	772,952

The 'Trade payables' value includes short-term creditors relating to CPO and Non-CPO as referenced in Note 2.11 of £10.4 million (2024/25: £72.5 million).

The Accruals value includes professional and engineering services related to the constructions works on Phase One. See Note 2.17 for further information. This has increased in line with higher construction activity compared to the prior period.

Notes to the Financial Statements

continued

12. Provisions

	Petition undertakings and assurances £'000	Phase Two remediation works £'000	Other £'000	Total £'000
Balance at 31 March 2025	54,183	32,197	363	86,743
Provided in the year	40,266	1,412	24,343	66,021
Provisions utilised in the year	(53,329)	(1,553)	(330)	(55,212)
Provisions not required written back		-	(34)	(34)
Balance at 31 March 2026	41,120	32,056	24,342	97,518

At 31 March 2026	Petition undertakings and assurances £'000	Phase Two remediation works £'000	Other £'000	Total £'000
Analysis of expected timing of flows				
Not later than one year	41,120	7,340	15,683	64,143
Later than one year and not later than five years	-	24,716	8,659	33,375
	41,120	32,056	24,342	97,518

At 31 March 2025	Petition undertakings and assurances £'000	Phase Two remediation works £'000	Other £'000	Total £'000
Analysis of expected timing of flows				
Not later than one year	54,183	25,619	363	80,165
Later than one year and not later than five years	-	6,578	-	6,578
	54,183	32,197	363	86,743

Notes to the Financial Statements

continued

12. Provisions continued

Petition undertakings and assurances

As part of the legislative process for the High Speed Rail (London–West Midlands) Act 2017, individuals and organisations were able to raise their objections to the HS2 scheme as petitions.

As a result, a number of assurances were given to petitioners which will inform the planning, design and future construction of Phase One. In certain cases, the company is required as nominated undertaker to meet these assurances. A form of compensation must be provided to those directly affected by the construction and operation of the railway which does not form part of the design and plans for the railway.

As set out in our company strategy, the company aspires to respect people and places and we seek to reduce the impact of the railway. Some of the commitments the company has entered into are recognised as provisions as defined by IAS 37, since at year-end there is a present obligation, with a probable outflow of resources which can be reliably estimated. Those where a present obligation is not recognised are reported as 'Contingent liabilities' in Note 16.

Phase Two remediation works

The Network North announcement detailed the cancellation of Phase Two. Further instruction was received from DfT to stop construction in a safe and orderly manner. This has resulted in remediation works being required to comply with legal, health and safety and environmental regulations for which a provision has been reported. This provision value of £32.1 million for the year ended 31 March 2026 (2024/25: £32.2 million) is based on an externally assured performance measurement baseline.

Other

HS2 Ltd procured an Owner Controlled Insurance Programme (OCIP) for Phase One construction works, providing cover for damage to works under construction and third party liabilities. This insurance policy expires in December 2027 and the additional premiums arising from construction cost increases are recognised as a provision, with a balance of £22.0 million as at 31 March 2026.

There is also a provision in relation to the Construction Industry Scheme (CIS) with a property management service for the delivery and maintenance of the property portfolio acquired for Phase One. The cost is subject to the final HMRC decision and application of HMRC's Regulation 9 tax rules with a provision of £2.2 million being reported as at 31 March 2026.

Notes to the Financial Statements

continued

13. Borrowings

	Year ended 31 Mar 2026 £'000	Year ended 31 Mar 2025 £'000
Amounts falling due within one year:		
Borrowings	2,858	2,787
	2,858	2,787
Amounts falling due after one year:		
Borrowings	6,217	9,124
	6,217	9,124
Total borrowings	9,075	11,911
Analysis of expected timing of flows:		
Not later than one year	2,858	2,787
Later than one year and not later than five years	6,217	9,124
	9,075	11,911

The borrowings shown above are lease liabilities created under IFRS 16. The company occupies business premises in Birmingham and London, and these arrangements are treated as lease obligations as shown above, valued in accordance with IFRS 16.

In some cases, the underlying lease with the third party is in the name of the Secretary of State rather than the company, but the substance of the transactions means the company ultimately bears the risks and rewards of these agreements.

The total cash outflow in respect of the leases for the financial year was £3.1 million (2024/25: £3.4 million).

The company has no other borrowings and is solely funded by capital contribution from the DfT, hence using the HMT discount rate is most appropriate when measuring lease liabilities.

Notes to the Financial Statements

continued

14. Financial liabilities

	31 Mar 2026 £'000	31 Mar 2025 £'000
Amounts falling due within one year:		
Derivative Forward Purchase Programme Financial Liability	678	2,493
	678	2,493
Amounts falling due after one year:		
Derivative Forward Purchase Programme Financial Liability	5	494
	5	494
Total Financial Liabilities	683	2,987
Analysis of expected timing of flows:		
Not later than one year	678	2,493
Later than one year and not later than five years	5	494
	683	2,987

The derivative relates to the net exposure on foreign currency forward purchase contracts denominated in euros (gross amount invested of €60.40 million for 2025/26 and €99.41 million for 2024/25), converted to sterling at the reporting date and measured at fair value using the published HMRC exchange rate as at 31 March 2026. This is a Level 2 fair value measurement which are inputs other than quoted prices within an active market, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

A sensitivity analysis has been performed based on the exposure to foreign exchange rate for the derivative instrument. A 1% increase applied to the HMRC exchange rate at 31 March 2026 represents a financial impact to the SoCNE of £0.5 million (2024/25: £0.8 million) and SoFP of £(0.5) million (2024/25: £(0.8) million). A 1% decrease to this rate would have an equal and opposite effect.

The company is considered to have no material credit, liquidity, interest rate and market risk, or any collateral arrangements in place either.

Notes to the Financial Statements

continued

15. Financial commitments

Financial commitments, which were contracted but not provided for in the financial statements, were as follows:

	31 Mar 2026 £'000	31 Mar 2025 £'000
Financial commitments (excluding capital commitments)	17,754	8,880
Property, plant and equipment	1, 652,574	1,686,877
Contracted capital commitments	1, 652,574	1,686,877

Payments related to the financial commitments are £12.6 million (2024/25: £8.9 million) within one year and £5.2 million (2024/25: £nil) between one to five years.

Notes to the Financial Statements

continued

16. Contingent liabilities

Contingent liabilities do not represent a current liability for the company at 31 March 2026, but some may result in an obligation to transfer cash in the future, depending on one or more relevant events occurring. They are not recognised in the SoFP, but are monitored to ensure that, where a possible obligation or a transfer of economic benefits has become probable, a provision will be made. As such, these are contingent liabilities within the definition of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Contingent liabilities arise from the following sources:

- as part of the legislative process for the high-speed rail programme, individuals and organisations were able to raise their objections to the HS2 scheme as petitions. As a result, a number of assurances were given to petitioners and they will inform the planning, design and future construction of HS2. In certain cases, the company is required to meet these assurances. The company has identified an undertaking and assurance that led to a contingent liability totalling £10.3 million (2024/25: £10.3 million)
- as part of its normal course of business, the company has given indemnities to individuals and companies who could be impacted by the construction of HS2. In all cases, no claims have arisen. It is not possible to quantify the liabilities that may arise in the future with any reliability
 - a Framework Asset Protection Agreement with Network Rail dated 13 January 2015. The agreement includes an uncapped indemnity in relation to all losses suffered by Network Rail because of the company's works
 - a number of Protective Provisions Agreements ('PPA') with either special status or utility companies that include indemnities in relation to the company's work as Nominated Undertaker for constructing HS2. These agreements go no further than the provisions made in the high-speed rail

programme that provide for protection, repair, compensation and indemnification for valid third party claims

- agreements providing access to land and property owned by private individuals and businesses prior to the construction phase. Such agreements provide an indemnity to the property owners for loss or damage caused by the company in the course of its work
- potential legal claims, tax issues or disputed supplier costs where the likelihood of the company making payments in the future is less than probable as at 31 March 2026. Where applicable, the values have not been disclosed as they have a potentially prejudicial impact on the outcome of any proceedings or claims
- the company has supplier incentive costs that are payable dependent on specific performance criteria being met. The amounts relating to the period after 31 March 2026 or where the assessment of payment is less than probable have not been provided for. The values for these incentives have not been disclosed due to being commercially sensitive in nature
- a possible obligation to pay additional premium in relation to an Owners Controlled Insurance Programme (OCIP) contract dated July 2017, with the company as policyholder

As set out in Note 2.11, the company does not have any contingent liability in respect of the potential cost of property that may be acquired in the name of the Secretary of State along the HS2 route. Any such contingent liability will be reported in the DfT's financial statements.

Notes to the Financial Statements

continued

17. Related-party transactions

HS2 Ltd is an executive non-departmental public body (NDPB) sponsored by the DfT Core Department. The DfT is regarded as a controlling related party. The company's primary source of funding is through the DfT, based on approved expenditure that is voted on by Parliament. The total amount of funding received from the DfT for the year ended 31 March 2026 amounted to £6,495 million (2024/25: £7,121 million).

During the year, the company had a number of transactions with the DfT Core Department with the amount paid and payable at year-end totalling £2.4 million (2024/25: £3.4 million) and receivable at year-end totalling £11.9 million (2024/25: £3.04 million).

The company had a number of IFRS16 transactions with the DfT Core Department for leasehold assets between both parties. These included £4.3 million for Depreciation and Finance cost charges (2024/25: £4.3 million) and £0.8 million reduction in the outstanding lease liability at the year-end.

All of the transactions with the DfT Core Department are carried out on an arm's-length basis. In total, there were transactions with other central government bodies totalling £139.1 million (2024/25: £154.7 million) with all transactions also carried out on an arm's-length basis. Most of these transactions have been with Network Rail Infrastructure Limited.

Other than their remuneration and business-related expenses (refer to Remuneration and Staff Report on pages 80 to 90), none of the board members or executive have undertaken any material transactions with the company or its related parties during the year, except as disclosed below, and none has a financial interest in the activities of the company such as to influence their work with the company.

Michael Brown CBE MVO was appointed as Chair of HS2 Ltd in July 2025. Since February 2025, Mr Brown has also held the position of the Chair of

Affinity Water Ltd. The amounts paid and payable at year-end to Affinity Water Ltd was £1 million (2024/25: £6.2 million).

Ian King CBE was appointed as non-executive director of HS2 Ltd in July 2020 and is the lead board member for the DfT. It is acknowledged that Mr King has a conflict of interest with respect to transactions involving the DfT and his engagement was agreed on the basis that a suite of controls is in place to address the conflicts of interest.

David Goldstone CBE was appointed as non-executive director of HS2 Ltd in June 2024 as an HMT nominee. The amounts paid and payable at year-end to HMT was £2.6 million (2024/25: £0.9 million).

Simon Wills was appointed as non-executive director of HS2 Ltd in December 2025. Mr Wills is also a non-executive director of National Highways having been appointed in February 2025. The amounts paid and payable at year-end to National Highways was £5.4 million (2024/25: £3.4 million).

Emma Head, the chief railway officer and board member for the company, has held the position of non-executive director for the Rail Safety and Standards Board Limited (RSSB) since April 2021. RSSB is an industry body that requires non-executive appointments to be made from industry representatives. The company pays a mandated annual membership fee to RSSB and has also engaged it for professional services work to provide independent expertise and validation on key rail safety challenges. The amounts paid and payable at year-end to RSSB was £0.7 million (2024/25: £0.6 million).

Rachel McLean joined HS2 Ltd in March 2026 as the incoming chief financial officer and formally assumed the role on 6 April 2026. Ms McLean was chief finance officer for Transport for London (TfL) until February 2026. The amounts paid and payable at year-end to TfL was £2.9 million (2024/25: £1 million).

Notes to the Financial Statements

continued

18. Losses and special payments

Managing public money requires HS2 Ltd to provide a statement showing losses and special payments by value and by type where they exceed £300,000 in total and those that, individually, exceed £300,000.

In May 2025, HS2 Ltd made a special payment for £0.3 million to settle a court order resulting from a judgement in an employment tribunal claim.

Losses statement	31 Mar 2026 £'000	31 Mar 2025 £'000
Total number of cases	3	4
Total amount (£000)	23	4

Special payments	31 Mar 2026 £'000	31 Mar 2025 £'000
Total number of cases	2	1
Total amount (£000)	404	8

19. Events after the reporting period

These financial statements are laid before the Houses of Parliament. The International Accounting Standards (IAS10) require the company to disclose the date on which the accounts are authorised for issue. This is the date on which the Comptroller and Auditor General signs the audit certificate (pages 91 to 100).

20. Ultimate controlling party

The ultimate controlling party is considered to be the Secretary of State for Transport.

HS2

www.hs2.org.uk

High Speed Two (HS2) Limited

Two Snowhill

Snow Hill Queensway

Birmingham B4 6GA

Freephone: 08081 434 434

Email: HS2enquiries@hs2.org.uk

BC00172

(E) 03637441 07/26

ISBN: 978-1-5286-6685-5