

# High Speed Two Ltd

## Framework Document

Last amended 01/11/10

Approved on 05/11/10

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## Section 1 - Introduction

### This document

1.1 This framework document has been drawn up by the Department for Transport (the Department) in consultation with HS2 Ltd, a body corporate established by incorporation under the Companies Act. This document sets out the broad framework within which High Speed Two Ltd (HS2 Ltd) will operate. The document does not convey any legal powers or responsibilities. It is signed and dated by the Department and HS2 Ltd. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on DfT's and HS2 Ltd's websites.

1.2 In this document unless otherwise stated:

“the Accounts” means the annual statement of accounts required to be audited by the NAO;

“the Chair” means the member who is appointed to chair HS2 Ltd by the Secretary of State;

“the Board” means HS2 Ltd Board Members;

“the Department” means the Department for Transport;

“the FreM” means the Government Financial Reporting Manual issued by HM Treasury

“the Government” means the UK Government;

“HS2 Ltd” means HS2 Ltd the Executive Non-Departmental Public Body;

“IFRS” means International Financial Reporting Standards.

“the Member(s)” means the member(s) of HS2 Ltd's Board appointed by the Secretary of State;

“the NAO” means the National Audit Office;

“NDPB” means a Non-Departmental Public Body;

“Parliament” means the UK Parliament;

“public funds” means funds granted to HS2 Ltd by the Secretary of State;

“the SoS” means the Secretary of State for Transport

“the sponsoring team” is the Department's Rail Network Strategy within Rail Strategy Directorate.

1.3 This document sets out the broad framework within which HS2 Ltd will operate, in particular:

- the overall aims, objectives and targets of HS2 Ltd, having regard to the Department's wider strategic aims;

- the rules and guidelines relevant to the exercise of the functions, duties and powers of HS2 Ltd;
  - the conditions under which any public funds are paid to HS2 Ltd; and
  - how HS2 Ltd is to be held to account for its performance.
- 1.4 This is not a legal or contractual document, but all parties agree to operate within its terms. To this purpose, the document is signed and dated by the Department and HS2 Ltd.
- 1.5 This document shall be reviewed periodically by the Department and HS2 Ltd in accordance with the timetable referred to in Section 7 below.
- 1.6 HS2 Ltd, or the Department, may propose amendments to this document at any time. Any such proposals by HS2 Ltd shall be considered in the light of evolving departmental policy aims, operational factors and the track record of HS2 Ltd itself. The guiding principle shall be that the extent of flexibility and freedom given to HS2 Ltd shall reflect both the quality of its internal controls and its operational needs. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with the Treasury or Cabinet Office as appropriate.
- 1.7 Any question regarding the interpretation of the document shall be resolved by the Department after consultation with HS2 Ltd and, as necessary, with the Treasury and/or the Cabinet Office.
- 1.8 A copy of this document shall be made available to members of the public on the Department's and HS2 Ltd's websites. Hard copies should also be made available on request from either the Department or HS2 Ltd.

### **Founding legislation and status of HS2 Ltd**

- 1.9 HS2 Ltd is established by incorporation under the Companies Act. HS2 Ltd does not carry out its functions on behalf of the Crown.

### **The functions, duties and powers of HS2 Ltd**

- 1.10 HS2 Ltd's main duties and powers are specified in the Company's Articles and Memorandum and in letters from the Secretary of State to the Chair of HS2 Ltd. HS2 Ltd should take all reasonable steps to ensure these documents are publicly available.
- 1.11 HS2 Ltd will also:
- inform, advise and assist the Secretary of State in relation to HS2 Ltd's functions;
  - keep proper accounts and prepare an annual statement of accounts.

## **Classification**

- 1.12 For policy/administrative purposes HS2 Ltd is classified as an executive NDPB.
- 1.13 For national accounts purposes HS2 Ltd is classified to the central government sector.

## **Section 2 - Aims, Objectives and Targets**

### **Overall aims and objectives**

- 2.1 HS2 Ltd's aims and objectives are set out in the Company's Articles of Association and Memorandum. This information is supplemented by correspondence from the Secretary of State to the HS2 Ltd Chair.

### **Aim and objectives**

- 2.2 HS2 Ltd's objectives are as set out in instructions from the Secretary of State to HS2 Ltd.
- 2.3 HS2 Ltd's business plan shall detail key targets and milestones to achieve its objectives.

## Section 3 - Responsibilities and Accountability

### The Secretary of State

- 3.1 The Secretary of State is accountable to Parliament for the activities and performance of HS2 Ltd. The Secretary of State may where appropriate act through officials in the Department in carrying out the following responsibilities:
- agree the strategic objectives and the policy framework within which HS2 Ltd will operate (as set out in this framework document and associated documents);
  - keep Parliament informed about the performance of HS2 Ltd by ensuring HS2 Ltd's accounts and Annual Report are laid before Parliament each year;
  - approve the amount of grant-in-aid to be paid to HS2 Ltd and securing Parliamentary or Treasury approval if necessary;
  - carry out responsibilities specified in this framework, including approving the activities of HS2 Ltd to make arrangements for the remuneration, pensions, allowances and expenses of Members and staff; and
  - annually review the performance of the Chair.

### The Principal Accounting Officer of the Department

- 3.2 The Department's Principal Accounting Officer is accountable to Parliament for the issue of any grant-in-aid or other resources provided to HS2 Ltd.
- 3.3 S/he, on behalf of the Treasury, designates the Accounting Officer for HS2 Ltd. S/he may withdraw the Accounting Officer designation if s/he believes that the incumbent is no longer suitable for the role.
- 3.4 In particular the Department's Principal Accounting Officer shall ensure that:
- the strategic aims and objectives of HS2 Ltd have regard to the Department's wider strategic aims;
  - the financial and other management controls applied by the Department to HS2 Ltd are appropriate and sufficient to safeguard public funds and for ensuring that HS2 Ltd's compliance with those controls is effectively monitored;
  - the internal controls applied by HS2 Ltd conform to the requirements of regularity, propriety and good financial management; and

- any grant-in-aid to HS2 Ltd is within the ambit and the amount of the Request for Resources and that Parliamentary authority has been sought and given.
- 3.5 The responsibilities of a departmental Principal Accounting Officer are set out in Chapter 3 of Managing Public Money.

### **The Department's representative on HS2 Ltd's Board**

- 3.6 The Secretary of State shall appoint a senior civil servant as non-Executive member of HS2 Ltd's Board.
- 3.7 This appointee shall fulfil the functions of a Board Member in accordance with paragraphs 3.16 and 3.17 and shall also represent the interests of the Secretary of State.
- 3.8 In support of the Department's Principal Accounting Officer the non-Executive Member shall:
- advise an appropriate budget for HS2 Ltd in the light of the Department's overall public expenditure priorities;
  - agree the main elements of the business plan for HS2 Ltd in light of the Department's wider strategic aims;
  - monitor the activities of HS2 Ltd on a continuing basis through the Board's review of performance, value for money, budgeting, control and risk management, including early sight of the organisation's Statement on Internal Control;
  - address in a timely manner any significant problems arising in HS2 Ltd whether financial or otherwise, making such interventions in the affairs of HS2 Ltd as the Department judges necessary;
  - take account of the HIA's annual audit report, including his/her opinion on risk management, control and governance; and
  - bring concerns about the activities of HS2 Ltd to the attention of the Board, and seek explanations and assurances through the Board that appropriate action has been taken.

### **The sponsoring team in the Department**

- 3.9 The sponsoring team is the Department's primary point of contact for HS2 Ltd on corporate issues.

- 3.10 In support of the Department's Principal Accounting Officer the sponsoring team shall:
- advise on the appointment of HS2 Ltd's Accounting Officer, in liaison with the Department's Group Finance directorate;
  - consider matters provided for in legislation, this document or other guidance that require Departmental approval;
  - ensure (through consultation with the Department's Audit and Risk Assurance Division) that HS2 Ltd appoints an appropriately qualified head of internal audit (HIA). The HIA may be externally procured; and
  - inform HS2 Ltd of relevant Government policy in a timely manner, advise on the interpretation of that policy and issue specific guidance to HS2 Ltd as necessary.

## **The Chair of HS2 Ltd**

- 3.11 The non-Executive Chair is appointed by the Secretary of State for a three year term. Subject to satisfactory performance the Chair may be appointed for a further term as long as his/her total period of service does not exceed 10 years. The initial appointment and any extension(s) are made in line with the Code of Practice issued by the Commissioner for Public Appointments.
- 3.12 The Chair is responsible to the Secretary of State. The Chair shall aim to ensure that the policies and actions of HS2 Ltd support the wider strategic policies of the Secretary of State and that HS2 Ltd's affairs are conducted with probity. The Chair shares with other Members the corporate responsibilities set out in paragraphs 3.16 and 3.17, and in particular for ensuring that HS2 Ltd fulfils the aims and objectives agreed with the Secretary of State.
- 3.13 The Chair has the following leadership responsibilities:
- formulating the Board's strategy;
  - ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Department or the Secretary of State;
  - encouraging high standards of regularity and propriety; and
  - representing the views of the Board to the general public.
- 3.14 The Chair also has a responsibility to ensure that:
- the work of the board and its members are reviewed and are working effectively;
  - the board has a balance of skills appropriate to directing the HS2 Ltd business, as set out in the Government Code of Good Practice on Corporate Governance;

- board members are fully briefed on terms of appointment, duties, rights and responsibilities;
  - s/he, together with the other board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
  - the responsible minister is advised of HS2 Ltd needs when board vacancies arise;
  - s/he assesses the performance of individual board members when being considered for re-appointment;
  - there is a code of practice for board members in place consistent with the Cabinet Office model Code.
- 3.15 Communications between the Board and the Secretary of State shall normally be through the Chair. The Chair shall ensure that the other Members are kept informed of such communications.

## **The Board of HS2 Ltd**

- 3.16 The Members are appointed by the Secretary of State to HS2 Ltd in line with the Code of Practice issued by the Commissioner for Public Appointments. The Secretary of State will ensure a sufficient number of Board members to enable good corporate governance. Subject to satisfactory performance a Member may be appointed for a further term as long as his/her total period of service does not exceed 10 years.
- 3.17 The Board has corporate responsibility for ensuring that HS2 Ltd fulfils the aims and objectives agreed with the Department and for promoting the efficient and effective use of staff and other resources by HS2 Ltd. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:
- comply at all times with the Board Members' Code of Practice and with the rules relating to the use of public funds and to conflicts of interest;
  - not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
  - comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments;
  - act in good faith and in the best interests of HS2 Ltd.;
  - establish the overall strategic direction of HS2 Ltd within the policy and resources framework determined by the Secretary of State;

- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its authority and any delegated authority agreed with the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the Department;
- ensure that the Board receives and reviews regular financial information concerning the management of HS2 Ltd; is informed in a timely manner about any concerns about the activities of HS2 Ltd and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- put in place delegations of functions to the Chief Executive, any employee or a committee as appropriate.

## The Chief Executive

3.18 The Chief Executive is appointed by the Permanent Secretary of the Department, following an open competition to which the HS2 Ltd Chair sits as vacancy panel member. The initial appointment and any extension(s) are made in line with the Code of Practice issued by the Commissioner for Public Appointments.

3.19 The Chief Executive shall exercise the following responsibilities in particular:

### ***on planning and monitoring -***

- establish, in agreement with the Department and the Board, the corporate and business plans for HS2 Ltd having regard to the Department's wider strategic aims;
- inform the Department of the progress of HS2 Ltd's objectives and programmes;
- provide timely forecasts and monitoring information on performance and finance to the Department;
- promote the efficient and effective use of staff and other resources;
- notify the Department promptly if overspends or underspends are likely and what corrective action is taken; and
- notify the Department in a timely fashion of any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means.

***on advising the Board -***

- advise the Board on the discharge of its responsibilities as set out in this document and in any other relevant instructions and guidance that may be issued from time to time;
- advise the Board on the performance of HS2 Ltd compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as this is practical;
- take action as set out in Managing Public Money if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness.

**The Chief Executive's role as Accounting Officer**

- 3.20 The Chief Executive will be designated as the Accounting Officer for HS2 Ltd by the Department's Principal Accounting Officer, acting on behalf of the Treasury.
- 3.21 The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the HS2 Ltd. In addition, s/he should ensure that HS2 Ltd as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Managing Public Money.
- 3.22 As Accounting Officer the Chief Executive shall exercise the following responsibilities in particular:

***on accounting for the activities of HS2 Ltd -***

- sign the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about HS2 Ltd are established and made widely known within HS2 Ltd;

- act in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
- give evidence, normally with the AO of the sponsor Department, when summoned before the PAC on the NDPB's stewardship of public funds.

### **The Chief Executive's role as Consolidation Officer**

- 3.23 For the purposes of Whole of Government Accounts the Chief Executive of HS2 Ltd is appointed by the Treasury as the Consolidation Officer for HS2 Ltd.
- 3.24 The Consolidation Officer shall be personally responsible for preparing the consolidation information that sets out the financial results and position of HS2 Ltd, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.
- 3.25 The Consolidation Officer shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:
- ensure that HS2 Ltd has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
  - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions - "Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters - issued by the Treasury on the form, manner and timetable for the delivery of such information.

### **Assistance from employees**

- 3.26 The Chief Executive may obtain the assistance of employees of HS2 Ltd in performing the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities. However, s/he shall not assign absolutely to any other person any of the responsibilities set out in this document.

### **The Chief Executive's role as Principal Officer for Ombudsman cases**

- 3.27 The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration (Ombudsman). As Principal Officer s/he shall inform the Permanent Secretary of the Department of any complaints about HS2 Ltd accepted by the Ombudsman for investigation,

and about the proposed response of HS2 Ltd to any subsequent recommendations from the Ombudsman.

## Section 4 - Planning and Control

### The corporate plan

- 4.1 Consistent with the timetable for public spending reviews HS2 Ltd shall submit annually to the Department a draft of its updated corporate plan covering three years ahead, as per the conditions set out in sections 3.8 and 3.21.
- 4.2 The plan shall reflect the duties of HS2 Ltd and, within those duties, any priorities requested by the Secretary of State. In particular, the plan shall demonstrate how HS2 Ltd contributes, where appropriate, to the achievement of the Department's targets.
- 4.3 HS2 Ltd's corporate plan shall set out:
- the key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
  - a review of its performance in the preceding financial year, together with comparable outturns for the previous 2-5 years (if applicable), and an estimate of performance in the current year;
  - alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
  - other matters as agreed between the Department and HS2 Ltd.
- 4.4 The main elements of the plan, including the key performance targets, shall be agreed between the Department and HS2 Ltd in the light of the Department's decisions on policy and resources taken in the context of the Government's wider public expenditure plans and decisions.
- 4.5 In reaching annual decisions on the rolling corporate plan for HS2 Ltd and in monitoring progress, the Department shall aim to give HS2 Ltd greater planning certainty by observing the principles set out in chapter 14 of the Treasury's 'Consolidated Budgeting Guidance from 2009 -10'. These principles are summarised in Section 9.

### The business plan

- 4.6 The approved annual business plan will take account of the approved funding provision from the Department and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of departmental funding over the year. These elements form part of the approved business plan for the year in question.

## Publication of plans

- 4.7 Subject to any commercial or sensitive information considerations the corporate and business plans shall be made publicly available, for example on HS2 Ltd's website.

## Reporting performance to the Department

- 4.8 HS2 Ltd shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.
- 4.9 The performance of HS2 Ltd in helping to deliver the Government's policies, including the achievement of key objectives, shall be reported to the Department on a regular basis. This will principally be through monthly reports from the HS2 Board to the Secretary of State, and regular meetings between the HS2 Chair and Chief Executive and the Secretary of State.
- HS2 Ltd shall provide the Department with such financial or other corporate information as is required for Departmental management purposes.
- 4.10 HS2 Ltd shall take the initiative in informing the Department of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.
- 4.11 The performance of HS2 Ltd against key targets shall be reported in both the Annual Report and the Accounts (and complying with Section 5).

## Internal audit

- 4.12 HS2 Ltd shall establish and maintain arrangements for internal audit in accordance with HM Treasury's Government Internal Audit Standards (GIAS), and the Head of Internal Audit must hold a full professional qualification (MIIA, CCAB or equivalent professional membership). The internal audit arrangements for HS2 Ltd must have regard to the Department's group internal audit operating model (operational detail to be agreed between the HIA of HS2 Ltd and the Departmental Group HIA).
- 4.13 HS2 Ltd shall set up an audit committee as a committee of its Board in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies and the Treasury's Audit Committee guidance.
- 4.14 HS2 Ltd shall arrange for periodic quality reviews of its internal audit service in accordance with GIAS. The Department shall consider whether it can rely on these reviews to provide assurance on the quality of internal

audit. However, HS2 Ltd shall allow the Department access to carry out independent reviews of internal audit in HS2 Ltd.

- 4.15 HS2 Ltd shall allow the Department's Audit & Risk Assurance Division access to all documents prepared by the internal auditor for HS2 Ltd, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report shall be forwarded as soon as possible to the sponsoring department who shall consult the Group HIA as appropriate. The HS2 Ltd HIA annual opinion on risk management, control and governance shall be forwarded to the Departmental Group HIA in accordance with the timetable notified by the Group HIA for completing year-end reporting.
- 4.16 In addition, irrespective of any requirement to report to HM Treasury, HS2 Ltd shall forward to the Department an annual report on fraud and theft suffered by HS2 Ltd, and notify any unusual or major incidents as soon as possible, in accordance with Appendix D.

#### **Additional departmental access to HS2 Ltd**

- 4.17 In addition to the access referred to in the paragraphs above HS2 Ltd shall allow the Department access to all HS2 Ltd's records and personnel for purposes such as audits or operational investigations.

## Section 5 - External Accountability

### Annual reporting requirements

#### *The accounts directions*

- 5.1 A draft of the Accounts shall be submitted to the Department two weeks before the proposed date for laying before Parliament.
- 5.2 The Accounts shall cover HS2 Ltd's financial performance during the previous year and set out in summary form the organisation's forward plans. Information on performance against key financial targets shall be included in the Accounts notes.
- 5.3 HS2 Ltd shall prepare accounts for the financial year ended 31 March 2011 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FreM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the department.
- 5.4 The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs on 31 March each year and subsequent financial year-ends, and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
- 5.5 Compliance with the requirements of the FreM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FreM is inconsistent with the requirement to give a true and fair view, the requirements of the FreM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FreM. Any material departure from the FreM should be discussed with the Department and HM Treasury.

### External audit

- 5.6 The Comptroller & Auditor General (C&AG) shall audit HS2 Ltd's annual accounts, which shall be laid in Parliament alongside his report.

## Section 6 - Staff Management

- 6.1 Within the arrangements approved by the Secretary of State, HS2 Ltd shall have responsibility for the recruitment and management of its staff. To this end HS2 Ltd shall ensure that:
- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued, where appointment and advancement is based on merit, and where there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
  - the level and structure of its staffing, including grade distribution and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
  - the performance of its staff at all levels is satisfactorily appraised and the performance measurement systems of HS2 Ltd are reviewed from time to time;
  - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the objectives of HS2 Ltd;
  - proper consultation with staff takes place on key issues affecting them;
  - adequate grievance and disciplinary procedures are in place;
  - whistleblowing procedures consistent with the Public Interest Disclosure Act 1998 are in place;
  - a code of conduct for staff is in place.

### Staff costs

- 6.2 Departmental approval is required for changes to the numbers of staff employed by HS2 Ltd. This would normally be approved as part of the business plan. HS2 Ltd is also required to seek the prior approval of the Department to material changes to terms and conditions of staff, or should they wish to appoint new staff whose terms and conditions are outside of those set out in paragraphs 6.3 – 6.8.

### Pay and conditions of service

- 6.3 The staff of HS2 Ltd, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure agreed with the Department. This is set out in Appendix B. HS2 Ltd does not have delegated power to amend these terms and conditions without prior agreement from the Department.

- 6.4 HS2 Ltd posts will be individually defined as set out under the conditions in Appendix C. A list of these posts will be maintained by HS2 Ltd, a copy of which is held by the DfT sponsor team, reflecting any changes imposed by central guidance or Government policy. This list will be provided to the SoS at the end of the financial year.
- 6.5 The travel expenses of HS2 Ltd Board shall be tied to the rates allowed to senior staff of HS2 Ltd. Reasonable actual costs shall be reimbursed.

### **Pensions, redundancy and compensation**

- 6.6 HS2 Ltd shall meet the statutory and/or Government requirements on pension provision for its staff.
- 6.7 Any proposal by HS2 Ltd to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office above statutory requirements or as set out in approved terms and conditions, requires the prior approval of the Department. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.
- 6.8 Proposals on severance payments must comply with the rules in Annex 4.13 of Managing Public Money, and any proposals for extra-contractual payments of any kind to staff must be cleared with the Department.

## Section 7 - Reviewing the role of HS2 Ltd

### Reviews

- 7.1 The role of HS2 Ltd will be reviewed, as a minimum, on a 3 yearly basis. These reviews will ensure that HS2 Ltd is delivering effectively against its aims and objectives.
- 7.2 This document will be reviewed at least every five years or following a review of HS2 Ltd's functions as provided for above, or at any point with the agreement of both parties. The date of the next planned review is 2015.

### Winding up HS2 Ltd

- 7.3 If HS2 Ltd is wound up, the Department shall put in place orderly arrangements for this purpose. In particular it should ensure that the assets and liabilities of HS2 Ltd are passed to any successor organisation and accounted for properly. If there is no successor organisation, the assets and liabilities will revert to the Department. To this end, the Department shall:
  - ensure that procedures are in place in HS2 Ltd to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
  - specify the basis for the valuation and accounting treatment of HS2 Ltd's assets and liabilities;
  - ensure that arrangements are in place to prepare closing accounts and pass to the NAO for external audit, and that funds are in place to pay for such audits. It shall be for HS2 Ltd to lay the final accounts in Parliament;
  - arrange for the most appropriate person to sign the closing accounts. In the event that another Body takes on HS2 Ltd's role, responsibilities, assets and liabilities, the succeeding Body's Accounting Officer should sign the closing accounts;
  - meet any winding up costs that HS2 Ltd cannot meet within its remaining in-year budget.
- 7.4 HS2 Ltd shall provide the Department with full details of all agreements where HS2 Ltd or its successors have a right to share in the financial gains of developers. It should also pass to the Department details of any other forms of claw-back due to HS2 Ltd.

## **Section 8 - HS2 Ltd's Finances - General**

### **Introduction**

- 8.1 The following sections of this document set out in greater detail certain aspects of the financial framework within which HS2 Ltd is required to operate.
- 8.2 The terms and conditions set out in these sections may be supplemented by guidelines or, to the extent that legislation may so provide, directions issued by the Secretary of State in respect of the exercise of any individual functions, powers and duties of HS2 Ltd.
- 8.3 HS2 Ltd shall satisfy the conditions and requirements set out in this document, together with such other conditions as the Secretary of State may from time to time impose.

### **The Departmental Expenditure Limit (DEL)**

- 8.4 HS2 Ltd's current and capital expenditure form part of the Department's Resource DEL and Capital DEL respectively. HS2 Ltd is paid by grant-in-aid on a monthly basis, following a formal request from HS2 Ltd to the Sponsor Team and as set out in section 9.

### **Expenditure not proposed in the budget**

- 8.5 HS2 Ltd shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which falls outside HS2 Ltd's delegations or which is not provided for in HS2 Ltd's corporate or business plan as approved by the Department.
- 8.6 The Business Plan must indicate where activities, and related expenditure incurred, may extend beyond the timeline of the Business Plan.

### **Procurement**

- 8.7 HS2 Ltd shall adhere to its own procurement policies which must be compliant with EU procurement directives, Government procurement regulations, DfT governance requirements, and achieves value for money (VfM).
- 8.8 HS2 Ltd shall maintain a system for ensuring that all contractual agreements are correctly entered into.
- 8.9 All single-tender or restricted contracts shall be subject to approval by the Executive Team of HS2 Ltd or its Board.

## Competition

- 8.10 Contracts shall, where ever possible, be placed on a competitive basis and tenders accepted from suppliers who provide best overall value for money. This policy should form the basis of the HS2 Ltd procurement policy.
- 8.11 Consultants employed by HS2 Ltd shall be defined as per the conditions set out in Appendix C, the procurement, management and retention of which shall meet current Government procedures.

## Novel, contentious or repercussive proposals

- 8.12 HS2 Ltd shall obtain the approval of the Department before:
- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
  - making any significant changes in the scale of operation or funding of any initiative or particular scheme previously approved by the Department; or
  - making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies).

## Risk management

- 8.13 HS2 Ltd shall ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall maintain a risk management strategy, in accordance with the HM Treasury guidance Management of Risk: Principles and Concepts (referred to as '[The Orange Book](#)').
- 8.14 HS2 Ltd shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury's guide Managing the Risk of Fraud: A Guide for Managers.
- 8.15 HS2 Ltd shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

## Fees and charges

- 8.16 To the extent that HS2 Ltd has the power to impose them, fees or charges for any services supplied by HS2 Ltd shall be determined in accordance with the Treasury's guidance in chapter 6 of 'Managing Public Money', and with legislative requirements (i.e. the Freedom of Information Act).

## Section 9 - HS2 Ltd's income

### Grant-in-aid and any ring-fenced grants

- 9.1 Any grant-in-aid provided by the Department for the year in question will be voted in the Department's Supply Estimate and be subject to Parliamentary control. The grant-in-aid will normally be paid in monthly instalments based on written applications showing evidence of need.
- 9.2 Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of HS2 Ltd. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the Department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year-end, such as creditors.
- 9.3 In the event that the Department provides HS2 Ltd with separate grants for specific (ring-fenced) purposes, it would issue the grant as and when HS2 Ltd needed it based on a written request. HS2 Ltd will provide evidence that the grant was used for the purposes authorised by the Department. HS2 Ltd shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

### End-year flexibility

- 9.4 The Department will aim to set firm multi-year plans and cascade end-year flexibility (EYF) on budgets, as per the guidance provided by HM Treasury in chapter 14 of the 'Consolidated Budgeting Guidance from 2009-10'. In particular, the Department will aim to:
  - agree, ahead of the year in question, a rolling three-year budget, fixed for at least the first year and with indicative amounts for subsequent years;
  - decide at that point HS2 Ltd's likely entitlement to EYF against the overall departmental position (having regard to any loss of EYF as a result of Departmental Expenditure Limit (DEL) Reserve claims made by the Department) and ministerial priorities, on the presumption that at least 80 per cent of any underspend by HS2 Ltd that represents slippage (as opposed to initial overprovision or abandonment of a project or programme) will normally be available for carryover in the area where it has arisen;
  - adjust (if necessary) and confirm the amount of EYF when accurate information is available in the Public Expenditure Outturn White Paper, taking account of outturn and of any DEL Reserve claims which might limit the EYF entitlement of the Department itself.

- 9.5 Unused grant in aid does not determine EYF, as grant in aid is outside the Department's budget and merely contributes to the cash-financing mechanism for HS2 Ltd. What hits the Department's budget is the actual spending of HS2 Ltd in resource terms. It is therefore HS2 Ltd's underspending in resource terms which generates the EYF and which the Department will aim to cascade down to HS2 Ltd. Further details can be found in chapter 9 of HM Treasury's 'Consolidated Budgeting Guidance from 2009-10'.

### **Fines, taxes and other receipts**

- 9.6 HS2 Ltd has no power to impose taxes or fines.
- 9.7 Civil penalties may not be imposed by HS2 Ltd.
- 9.8 HS2 Ltd shall ensure that any other funds received are notified to the Department.

### **Interest earned**

- 9.10 Under SR2002 budgeting rules (which have operated since 2003-04), the cost of capital charge and any interest receipts on most DEL financed assets score as resource DEL. As from April 2010, the cost of capital charge is excluded from budgets, as a result of changes due to the Treasury Alignment (Clear Line of Sight) Project.
- 9.11 If the receipts are used to finance additional expenditure by HS2 Ltd, the Department will need to ensure it has the necessary DEL cover. Any interest earned on cash balances arising from grant-in-aid or other Exchequer funds shall be treated as a receipt from an Exchequer source. Depending on the budgeting treatment of this receipt, and its impact on HS2 Ltd's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the Consolidated Fund via the Department.

### **Proceeds from disposal of assets**

- 9.12 Disposals of land, buildings and other assets are dealt with under Section 11.

## **Gifts and bequests received**

- 9.13 HS2 Ltd is free to retain any gifts, bequests or similar donations. These shall be treated as receipts<sup>1</sup> and offset against the grant-in-aid.
- 9.14 Before accepting any such gift, HS2 Ltd shall consider if there are any associated costs in doing so or any conflicts of interests arising. HS2 Ltd shall keep a written record of all gifts, bequests and donations and of their estimated value and whether they are disposed of or retained. These must be produced upon Departmental request.

## **Receipts from the EU**

- 9.15 Grants from the European Union (if retained by HS2 Ltd) should match the corresponding spend by HS2 Ltd, but both expenditure and income should be scored against an 'EU net payments' line.
- 9.16 Payments for services provided to the EU may be offset against the relevant expenditure in the usual way.

## **Reserves and borrowing**

- 9.17 No grant or grant-in-aid shall be paid into any reserve held by HS2 Ltd. Funds in any reserve may be a factor for consideration when grant-in-aid is determined.
- 9.18 No money shall be borrowed by HS2 Ltd, other than that reasonably required for efficient day to day management and operation of the Company's duties (such as corporate credit cards etc).

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<sup>1</sup> Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement.

## Section 10 - Non-Staff Expenditure

### Capital expenditure

- 10.1 Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include:
- (a) the acquisition, reclamation or laying out of land;
  - (b) the acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and
  - (c) the acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
- 10.2 Proposals for large-scale individual capital projects or acquisitions will normally be considered within HS2 Ltd's corporate planning process. Applications for approval by the Department shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the Department.
- 10.3 Within its approved overall resources limit, statutory authority and policy framework agreed with the Department, HS2 Ltd shall have delegated authority to spend up to £50,000 (or any higher limit on specified pieces of work as notified by the Department to the Chief Executive in writing) on any individual capital project or acquisition. Beyond that delegated limit, the Department's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.
- 10.4 It is recognised that HS2 Ltd may need to purchase property during the course of its work. The full terms and conditions of operational property purchase and management is set out in Appendix F

### Transfer of funds within budgets

- 10.5 Unless financial provision is subject to specific Departmental or Treasury controls (e.g. where provision is ring-fenced for specific purposes), transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need Departmental approval.

### Gifts made, write-offs, losses and other special payments

- 10.6 Gifts by management to staff are subject to the requirements of the Cabinet Office guidance on non-pay rewards.

## **Property Leasing**

- 10.7 Prior Departmental approval must be secured for all property leases.
- 10.8 Before entering into any lease (including an operating lease), HS2 Ltd shall demonstrate that the lease offers better value for money than purchase.

## **Financial investments**

- 10.9 HS2 Ltd shall not make any investments in traded financial instruments nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes.

## **Commercial insurance**

- 10.10 HS2 Ltd shall not take out any insurance without the prior approval of the Department, other than third party insurance required by the Road Traffic Acts and any other insurance which is a statutory obligation or which is permitted in the Managing Public Money guide chapter 4.4 and annex 4.5
- 10.11 The Department shall consider on a case by case basis whether, in the case of a major loss or third-party claim, an addition to budget out of the Department's funds and/or adjustment to HS2 Ltd's targets is appropriate.

## **Lending, guarantees, indemnities, letters of comfort and contingent liabilities**

- 10.12 HS2 Ltd shall not, without the Department's prior written consent, lend money, charge any asset or security, give any guarantee or indemnity or letter of comfort, or enter into any contingent liability, whether or not in a legally binding form.

## Section 11 - Management and Disposal of Fixed Assets

- 11.1 This section does not apply to purchase and management of operational property, which is covered by Appendix F

### Register of assets

- 11.2 HS2 Ltd shall maintain an accurate and up-to-date register of its fixed assets.

### Disposal of assets

- 11.3 HS2 Ltd shall dispose of assets which are surplus to its requirements save that it may not dispose of land without the consent of the Department. Assets shall be sold for best price, taking into account any costs of sale. High value assets shall be sold by auction or competitive tender, unless otherwise agreed by the Department, and in accordance with Managing Public Money, Chapter 4.10.
- 11.4 HS2 Ltd may normally retain receipts derived from the sale of assets provided that:
- (a) The Department and the Treasury are content for HS2 Ltd to retain these receipts;
  - (b) they are used to finance other capital spending;
  - (c) the Department receives prior notification of individual sales; and
  - (d) total sales in any financial year do not exceed 3% of HS2 Ltd's grant-in-aid.
- 11.5 If, notwithstanding the above, HS2 Ltd disposes of assets which have been purchased, improved or developed with Exchequer funds and the receipts amount to more than £1 million, or where the disposal has unusual features of which Parliament should be aware, Parliamentary approval shall be secured for the receipts to be reinvested. The receipts shall therefore be surrendered to the Department, which shall then submit an Estimate seeking approval for the receipts to be appropriated in aid by the Department and for a corresponding increase in HS2 Ltd's grant-in-aid. If the proposed new investment exceeds HS2 Ltd's relevant delegated authority the Department's approval will be needed. If the proposed new investment is novel or contentious, the Treasury's approval will be also needed.
- 11.6 If the criteria above are not met, any receipts shall be dealt with in line with the rules on surplus in-year receipts (see Section 9).

## Section 12 - Budgeting Procedures

### Setting the annual budget

- 12.1 Each year, in the light of decisions by the Department on HS2 Ltd's updated draft corporate plan, the Department will send to HS2 Ltd:
- A formal statement of the annual budget allocated by the Department in the light of competing priorities across the Department; and
  - A statement of any planned changes in policies affecting HS2 Ltd.
- 12.2 HS2 Ltd's approved annual business plan for the year will take account both of its approved funding provision and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year.
- 12.3 Any grant-in-aid provided by the Department will be noted in the Department's Supply Estimate and will be subject to Parliamentary control.

### General conditions for authority to spend

- 12.4 Once HS2 Ltd's budget has been approved by the Department and subject to any restrictions imposed by Statute/the Secretary of State and Government policy/this document, HS2 Ltd shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
- HS2 Ltd shall comply with the conditions set out in paragraph 8.12 regarding novel, contentious or repercussive proposals;
  - HS2 Ltd shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require.

## **Section 13 - Banking**

### **Banking arrangements**

- 13.1 HS2 Ltd's Accounting Officer is responsible for ensuring that HS2 Ltd's banking arrangements are in accordance with the requirements of Managing Public Money, section 5.8 and annex 5.7. In particular s/he shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively.

## Signatures

B) On behalf of the Department -

Bob Linnard,  
Rail Strategy

Signature:

Date:

2) On behalf of HS2 Ltd

Sir Brian Briscoe, Chair

Signature:

Date:

Alison Munro, Chief Executive Officer

Signature:

Date:

## Appendix A - Financial Delegations

- A.1 Subject to section 10 above, paragraph A5 below and within its statutory authority and the budget and policy framework agreed with the Department (and any other relevant provisions within this document), HS2 Ltd shall have full delegated authority to deal with losses, claims, gifts, special payments and to enter into contracts for goods and services.
- A.2 HS2 Ltd must have a financial scheme of delegation that is approved by its Board and periodically assessed by its internal audit function.
- A.3 The Department may review HS2 Ltd's financial scheme of delegation at any point and may require amendments to it.
- A.4 HS2 Ltd must make any amendments required by the Department as soon as reasonably practicable.
- A.5 Note that payments that are considered novel, contentious or repercussive (as per paragraph 8.12) are not covered by standing delegations, even if they are within delegated limits. This includes for instance extra-contractual payments to staff (such as settlements in respect of staff grievances and severance payments beyond the normal conditions of service). Such cases must be notified to the Department at an early stage, as Treasury clearance is required before any offer with financial implications is made. The sponsoring team shall liaise with Group Finance (Resource Accounting and Corporate Governance) who will seek Treasury approval on behalf of HS2 Ltd.

## **Appendix B - Staff pay and conditions of service**

- B.1 HS2 Ltd is not a Crown body and therefore does not employ civil servants. HS2 Ltd's Remuneration Committee has proposed, and the Department has agreed, pay ranges for HS2 members of staff.
- B.2 The pay ranges and benefits are available from Human Resources on request.

## Appendix C - Front line and business critical posts

C.1 It has been agreed by the Department<sup>2</sup> ( that, in line with central guidance:

- Posts classified as ‘front line’ may be recruited at the Chief Executive’s discretion.
- Posts classified as ‘business critical’ require the Secretary of State’s approval and must be processed through DfT’s Human Resources Directorate (HRD) and Group Finance Directorate (GFD).

C.2 As there is currently no central government definitions of ‘front line’ and ‘business critical’, the Department has agreed that HS2 Ltd should define the posts as follows:

Front Line posts are:

- posts where the predominate activity is dealing with the public; or
- posts which are engaging directly with stakeholders; or
- posts which bring high degrees of specialist skills which are fundamental to the delivery of the project;

Business Critical Posts will generally be:

- roles in support of the project rather than key to delivery; or
- any role deemed critical to delivery of the project but not meeting the front line posts requirements.

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<sup>2</sup> SoS agreement following 1 September 2010 submission from DfT Director of Human Resources Mervyn Thomas

## Appendix D - Fraud and Theft Reporting

- D.1 HS2 Ltd should keep a record of all frauds / thefts (“frauds”), and will provide to the Department by the end of April each year an annual report of all frauds discovered in the year. Individual frauds reported to the Department earlier in the year may be referred to in summary in the annual report if these have been reported in the prescribed form.
- D.2 Frauds below the following de minimis levels need not be reported individually, but can be aggregated and reported as a single figure by value of losses incurred and number of frauds discovered, split between separate headings for fraud and theft. This is to ensure that the Department has sufficient information with which to answer Parliamentary Questions.
- D.3 In the case of fraudulent exploitation of assets and information, and abuse of position (including corruption), there is no de minimis limit because even where no actual loss has occurred, there is a risk that reputational damage may have been caused.
- D.4 De minimis limits apply as follows:

<b>Individual frauds / thefts</b>	
Expenses / allowances / pay	£250
Theft by staff	£250
Fraud by staff	£250
Theft by outsider	£2,500
Fraud by supplier	£2,500

- D.5 Frauds above the de minimis level (and all novel frauds) should be reported as soon as possible with as much of the following information as time and circumstances permit:
- when the fraud occurred
  - what happened, and why HS2 Ltd considers the fraud novel or unusual
  - information about the perpetrator – staff or external
  - suspected / estimated or actual level of loss
  - action taken to date and planned:
    - to investigate the fraud
    - to rectify control failures and prevent recurrence
    - against the perpetrator

- the extent of any Police involvement
  - how soon a full report will be available.
- D.6 The Department will then decide whether a full report is necessary, and any other action that it considers should be taken. Cases which are novel or unusual will be brought to the attention of the Treasury by the Department so that any lessons can be shared quickly.
- D.7 Full reports of frauds with losses above £10k should be accompanied by a narrative suitable for publication, the content of which should cover the main system weaknesses which allowed the fraud to occur, the method by which the fraud was discovered, the value of the fraud, action taken against the perpetrator, and action taken to reduce the risk of recurrence.
- D.8 Frauds of this magnitude may be reported to the Treasury as part of the annual fraud returns by Departments where there are important lessons to be learned. From time to time the Department will make lessons learnt from the Fraud Report available to sponsored bodies.

## Appendix E - Insurance

- E.1 Where there is a legal requirement to insure commercially, HS2 Ltd must do so; for example, if it is required to insure to comply with the Road Traffic Acts.
- E.2 HS2 Ltd is not permitted to insure in other circumstances without the prior approval of the Department. Any types of insurance that it is agreed HS2 Ltd may undertake should be listed in this document.
- E.3 In the case of major losses, additions to grant in aid out of the Department's overall provision will be considered. The Department undertakes to provide a minimum of 80% of the repair or replacement cost of assets, where the damage or loss is due to accidental or fire damage or theft, on condition that:
- HS2 Ltd can demonstrate there is a continuing requirement for the asset, i.e. its availability is needed to deliver its business objectives;
  - HS2 Ltd has implemented all the necessary risk management and review processes and these are subject to ongoing maintenance and review; and
  - HS2 Ltd can demonstrate that it cannot meet the costs from underspends or re-allocations within its budget for the year in question.
- E.4 HS2 Ltd must hold a valid Certificate of Exemption from Employers' Liability Insurance

## **Appendix F - Purchase and management of operational property assets**

F.1 HS2 Ltd shall agree procedures with the Department before entering into any property purchase or management.

F.2 The agreed procedures shall be appended to the Framework Document in substitution for the current Appendix F.

## Appendix G - Government-wide corporate guidance and instructions

G.1 HS2 Ltd shall comply with the following general guidance documents:

- this document
- ‘Managing Public Money’ and its annexes, issued by the Treasury  
[http://www.hm-treasury.gov.uk/psr\\_mpm\\_index.htm](http://www.hm-treasury.gov.uk/psr_mpm_index.htm)
- The Financial Reporting Manual (FreM), issued by the Treasury  
[http://www.hm-treasury.gov.uk/otherhmt\\_frem.htm](http://www.hm-treasury.gov.uk/otherhmt_frem.htm)
- ‘Non-Departmental Public Bodies - a Guide for Departments’ (the “NDPB Guide”), issued by the Cabinet Office  
<http://www.civilservice.gov.uk/about/resources/public-bodies.aspx>
- ‘Government Internal Audit Standards’, issued by the Treasury  
[http://www.hm-treasury.gov.uk/psr\\_governance\\_gia\\_guidance.htm](http://www.hm-treasury.gov.uk/psr_governance_gia_guidance.htm)
- The Department’s Commercial Strategy  
<http://www.dft.gov.uk/about/procurement/commercialstrategy>
- The Department’s Procurement Manual  
<http://transnet.dft.gsi.gov.uk/doc.asp?doc=133514&cat=68090>
- Appropriate adaptations of sections of ‘Corporate Governance in Central Government Departments: Code of Good Practice’, issued by the Treasury  
[http://www.hm-treasury.gov.uk/psr\\_governance\\_corporate.htm](http://www.hm-treasury.gov.uk/psr_governance_corporate.htm)
- ‘The Management of Risk: Principles and Concepts’ (the ‘Orange Book’), issued by Treasury  
[http://www.hm-treasury.gov.uk/orange\\_book.htm](http://www.hm-treasury.gov.uk/orange_book.htm)
- Office of Government Commerce - Policy and Standards framework  
[http://www.ogc.gov.uk/procurement\\_the\\_bigger\\_picture\\_policy\\_and\\_standards\\_framework.asp](http://www.ogc.gov.uk/procurement_the_bigger_picture_policy_and_standards_framework.asp)
- ‘Managing the Risk of Fraud’, issued by the Treasury  
[http://www.hm-treasury.gov.uk/psr\\_managing\\_risk\\_of\\_fraud.htm](http://www.hm-treasury.gov.uk/psr_managing_risk_of_fraud.htm)
- relevant Treasury ‘Dear Accounting Officer’ letters  
[http://www.hm-treasury.gov.uk/psr\\_governance\\_dao\\_letters.htm](http://www.hm-treasury.gov.uk/psr_governance_dao_letters.htm)
- ‘Regularity and Propriety and Value for Money’, issued by the Treasury  
[http://www.hm-treasury.gov.uk/psr\\_governance\\_valueformoney.htm](http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm)
- The Parliamentary Ombudsman’s Principles of Good Administration  
[http://www.ombudsman.org.uk/improving\\_services/principles/good\\_administration/index.html](http://www.ombudsman.org.uk/improving_services/principles/good_administration/index.html)
- the ‘Consolidation Officer Memorandum’, issued by the Treasury
- relevant Treasury ‘Dear Consolidation Officer’ letters
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts  
[http://www.hm-treasury.gov.uk/psr\\_government\\_accounts.htm](http://www.hm-treasury.gov.uk/psr_government_accounts.htm)
- other relevant instructions and guidance issued by the Department
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, which have been accepted by the Government and which are relevant to HS2 Ltd