Dear Chair,

Treasury Minute response to the Committee’s report on HS2 Annual Report and Accounts

Thank you for your letter of 15 October seeking confirmation that the Department for Transport and HS2 Ltd accept some of the specific points addressed by the Committee in ‘Recommendation 2’.

We can confirm that both the Department and HS2 Ltd agree with the Committee’s recommendations that you set out in your letter. You emphasised that any request to operate outside of the Framework Document should be adequately challenged and monitored by the Department through a clear and formal process.

The new Framework Document published earlier this year emphasises the importance for HS2 Ltd and the Department to have an open, honest and trust based relationship, with both parties committing to keeping each other informed of any significant issue or concern. It also reinforces that any variation from the Framework Document should be approved by the Department, HM Treasury, or with Cabinet Office, as appropriate.

HS2 Ltd reviews, regularly and proactively, its compliance with the Framework Document by reporting quarterly to their Executive Team. There have been no requests to deviate from the delegations set out in the Framework Document since it was published. However, should an instance arise, Mark Thurston (as CEO and Accounting Officer) would be required to set out why the deviation is required and how this action would continue to fulfil the expectations set out in Managing Public Money. The CEO would require the backing of the Executive and the HS2 Board before seeking, in writing, formal approvals from the Department, HMT or Cabinet Office.
The Department would carefully consider any such request via the Shareholder Board and consult with HMT and Cabinet Office as required. The Shareholder Board is attended by the CEO and Chair of HS2 Ltd, as well as the Department’s Director General for Resource & Strategy and the Director General for High Speed and Major Rail Projects. This Board provides a clear opportunity to consider and, where appropriate, challenge such proposals.

We are copying this letter to the Comptroller and Auditor General and to the Treasury Officer of Accounts.

Regards,

Bernadette Kelly CB
Permanent Secretary

Mark Thurston
Chief Executive Officer, HS2 Ltd