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Error inflated economic case for HS2

By Mark Odell, Transport Correspondent

The case for building a £32.7bn high-speed rail line linking London to Birmingham was undermined on Wednesday after the government admitted an error had inflated its economic case.

Critics have long questioned the cost and environmental impact of High Speed 2, which enjoys cross-party support. They seized on government findings published in January, when the first stage of the project was given the go-ahead, which showed that the economic case had weakened in the past year.

Data published at the time suggested the benefit-cost ratio for the first 140 miles of the route had dropped from a gain of £1.60 for every £1 invested to £1.40 when recalculated in February.

On Wednesday, however, the government admitted a modelling error meant this figure was £1.20 for every £1 invested, which puts it close to the “poor” value-for-money category as defined by the government.

The Department for Transport said on Wednesday: “We have always been clear that the [benefit-cost ratio] can only form one part of the decision-making process for a project of this scale, as its benefits reach well beyond narrow transport economics.”

Justine Greening, transport secretary, told MPs when she approved the project that HS2 was “good value for money” and that the prospect of capacity constraints on the existing west coast main line in the next decade meant “we can’t afford not to do this”.

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