

## High speed rail plan 'has funding black hole and relies on old data'

Philip Pank Transport Correspondent

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The Government came out fighting today as it defended plans for the High Speed 2 railway, insisting it was necessary to help the UK compete in the “global race” against other economies.

The plans came under fire this morning with the spending watchdog warning that a £3 billion funding gap lies at the heart of the project.

Patrick McLoughlin, the Transport Secretary, told the BBC Radio 4 Today programme: “As a Government you don’t just plan for next year, you have to plan how we compete in that global race, how do we show businesses to come to this country because you have got the right sort of transport connections, that you have got the right kind of communications.

“Transport has gone up the political agenda incredibly over the last 20 years since I was last in the Department for Transport as a junior minister. We are looking to how Britain competes not just now but in that global race ahead of us.”

In a damning report that has delighted opponents of the planned £33 billion railway and angered ministers, the National Audit Office (NAO) warns about “risks to affordability” of the proposed London to Birmingham, Manchester and Leeds high speed lines.

It also raises “reservations” about the business case for the project.

The £3.3 billion black hole is forecast for the four years from 2017, which coincides with the peak construction phase of the project and “which the Government has yet to decide how to fill”, the report says.

It concludes: “High Speed 2 is at a very early stage of planning and development and as such we cannot conclude on whether the programme is likely to deliver value for money.”

The watchdog claims that data used to underpin key assumptions in the DfT’s business case is out of date. It says that the model used to produce the latest business case overestimates the increase in passenger numbers generated by economic growth. The DfT is also using data that is ten years old to calculate the benefits to business travellers of faster journey times, it says.

The report also raises concern over the “challenging” legislative timetable for introducing a Bill that would pave the way for construction by the end of the year.

It says that while the railway is forecast to create 100,000 jobs, the DfT has no idea how many of these positions would have been created without the railway, and claims that no attempt has been made to assess the impact on demand of higher ticket prices for HS2.

Commenting on the report, Margaret Hodge, chairwoman of the Commons Public Accounts Committee, claimed that the business case simply was not up to scratch and relied on

“ludicrous” assumptions such as a claim that businessmen do not work while travelling by train.

Ministers have failed to provide evidence for a key reason given for building the railway — that it will lead to the economic regeneration of the regions — she claimed.

Ms Hodge said: “Unless the department gets its act together, HS2 will not deliver all intended benefits for travellers and the regions, and it will not deliver value for the taxpayer.”

Whitehall insiders are furious at what they see as Ms Hodge’s misrepresentation of the NAO report. Mr McLoughlin issued a statement last night to denounce its findings.

He claimed that the report relied on out-of-date analysis and failed to consider a detailed route map for the lines north of Birmingham or a new management team.

“The case for HS2 is clear,” Mr McLoughlin said. “Without it the key rail routes connecting London, the Midlands and the North will be overwhelmed.”

The aborted competition to re-let the West Coast Main Line in the autumn exposed serious deficiencies in the DfT’s manpower and methods. The watchdog questioned the department’s ability to develop the railway alongside other major projects, including Thameslink, Crossrail, re-letting rail franchises and the Government’s aviation review.

Amyas Morse, head of the NAO, said: “The Department is trying against a challenging timetable to strengthen its evidence and analysis, which at present provide a weak foundation for securing and demonstrating success in the programme in future.”

Opponents of HS2 seized on the report’s findings.

“It is a scathing picture of defective work and assumptions, wrong decisions and weak management capability,” Bruce Weston, director of the HS2 Action Alliance protest group, said. “What it shows is that the Government has gone ahead and is investing billions of pounds of public money in a project for which it does not have a plan that stands up to scrutiny.”

39 comments



 **Michael Daventry**

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**Peter Hare**

38 minutes ago

Yet again we could learn from our Continental neighbours. The Dutch recently built a freight-only rail line - the Betuweroute - stretching 150km from Rotterdam to the German border near Arnhem. Admittedly the status of Rotterdam as a super-port made the decision clear but this seems to me a proper example of intelligent and farsighted infrastructure investment. Not a shred of vanity in sight!

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**Nigel Brodrick-Barker**

21 hours ago

The concept of HS2 should be that of a 'spinal chord'. It should include inter alia. a socking great water pipe and state of the art fibre optic cable under the track. If you are going to cut a swathe through Middle England, you might as well make the most of it.

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**john bowes**

22 hours ago

The global race to brum?

2 [Recommend](#) [Reply](#)



**Graham**

20 hours ago

To be correct, to a car park just outside Birmingham.

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**James Gray**

22 hours ago

Remember the Edinburgh trams! Overblown, not needed and of limited use. By the time journey times are saved by the odd hour, communications will eliminate much of the need to travel. The disruption and costs will be enormous. The vital need to improve existing facilities lies a poor second choice for those with grandiose ideas. Factory built houses, better roads and modest railway services should have priority--plus the need for another airport near London. Current planners seem to lack imagination about both present needs and what longer term needs really are. What about tidal and water-powered generation rather than the questionable windmills? There is a long list of developments that deserve priority and the proposed high-speed trains links are not one of them.

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**Paul Samson**

22 hours ago

To repeat what has already been said ad nauseam - HS2 is an idiotic idea, Britain is far too small and crowded for high speed rail, and the cost is out of all proportion to the benefit. The studies which purport to show that HS2 is worthwhile are based on obviously false assumptions.

Spending £32billion on eliminating bottlenecks in our existing road and rail network makes far more sense, and is necessary.

2 [Recommend](#) [Reply](#)



**Gerald Blezard**

1 day ago

You can be sure that like may another vain and ego boosting project before it that this one will far exceed its projected cost and will be funded and owned by a foreign government.

For what purpose? That we might save 15 minutes? on a journey?

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**Adrian Hill**

1 day ago

Britain is almost alone in its failure to develop high speed rail links. Presumably the NAO has completed an assessment of the alternative scenario which is an intensification of already saturated demand for internal road and air traffic, notwithstanding that the infrastructure for these is already insufficient, underinvested and under maintained.

Given the track record of the civil service when it comes to any project, the fact that there is already an apparent £3 billion hole in the calculations is hardly a surprise. This would, however, pale to total insignificance in relation to the cost of bringing our road and airport assets back even to an acceptable standard, let alone covering the investment in expansion needed in the absence of an efficient rail system.

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**Chris Miller**

21 hours ago

**@Adrian Hill** The accepted international definition of 'high-speed' rail is 125mph/200kph. We have well over 1,000 miles of such lines. British geography and demography means that higher speeds serve little purpose.

Sadly, this means that our politicians lose out in international 'willy-waving' contests with some of our European neighbours, but I don't think rectification of this problem justifies a £35 billion investment gamble.

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**Graham**

20 hours ago

Per mile HS2 cost 4 times the price of motorway and a pound spent on a motorway generates 32 times the return a pound on HS2 will if its optimistic projections are true. HS1 has less than 50% of the traffic that was predicted in its projections. Simple fact is that 32 billion on our roads will generate far more wealth for UK plc than HS2.

I am not anti-railway, for 10-12 billion 2 private sector consortiums have offered to reopen the old great central mainline, this is continental gauge track bed suitable for both high speed passenger and freight traffic. So we could not only have 400 miles of new motorway we could still have a 160 mph passenger and 90 mph freight railway as well.

I can see no economic justification why Britain should pursue HS2 instead of reopening the great central line and investing in the road network which provides 98% of our transport needs.

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**TerFar**

1 day ago

I fully understand the need to increase transport capacity but I haven't seen a single compelling reason that makes the case for a first class, luxury high speed train service for a few wealthy passengers. We're talking about a Concorde Chemin de Faire that only travellers on business expenses will ever be able to afford.

I'd support a new private-built, toll motorway with very few junctions, some exit only. A motorway is a far better solution because vehicles can go up and down steep gradients: trains cannot. So a motorway route will not be challenged by a few hills, will need few bridges, can pass through far less controversial countryside and we will not be held to ransom by rail companies' ever increasing fares. It will also be far cheaper and far faster

to build. And providing they choose the correct top surface, it will be far quieter.

This seems a no-brainer to me, but the Government seems sadly lacking in that department.

7  Recommend Reply



**TerFar**

22 hours ago

I should also have added to my arguments that cars are becoming more and more economical. A typical 1.6l or 1.8l diesel family car driven at a steady 70 mph without constant starting and stopping is capable of over 50mpg.

Without doubt, HS2 engines and carriages will be bigger, heavier, carry fewer passengers and drink fuel by tanker loads. What will the HS2 produce per passenger mile?

Recommend Reply



**Graham**

20 hours ago

In the early 80's the French Government assessed the energy burn per passenger mile for the TGV. Unlike the HS2 proponents and some of our rail companies they did not apply the green wash of measuring it at the locomotive, but correctly measured it the 100km or so away at the power station.

The conclusion?

They found that a TGV burns marginally more energy per passenger mile than an Airbus A320. For the French the TGV still made sense because they had a surplus of Nuclear generating capacity.

Today in the UK though we should consider the following points.

The latest generation of Airbus A320 burn some 15% less than the original of 30 years ago.

The HS2 trains will be heavier than the original TGV carriages due to increased safety demands and no significant improvement in locomotive design has incurred so they will burn more energy per passenger mile than a TGV.

UK has a capacity shortfall and a dependency on fossil fuels for electricity generation, so HS2 will require importation of natural gas and generate more CO2 than the Airbus option.

In conclusion not only is there no economic argument for HS2, there is no environmental one either.

1  Recommend Reply



**TerFar**

18 hours ago

**@Graham**

Just love how green is the government. All our money thrown at windmills and PV panels to be thwarted by a pink juggernaut thundering noisily through beautiful countryside to keep well-off

bums comfortable.

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**Nick Reay**

1 day ago

There is no economic case for HS2 and it must be scrapped without further delay.

It will not help us "compete in the global race" - rather it will hinder us as we - and many generations yet unborn - will carry the huge weight of debt on our backs..

We need to spend money on freight infrastructure - to get HGVs off our overcrowded road network which should be mainly for passenger use.

This scheme is very similar to the Concorde project - grandiose but ultimately a commercial - and technical - failure.

We must not make the same mistake again.

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**Sid Latimer**

1 day ago

Pity we rarely elect politicians that spend our money like it were their own.

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**FRANK LYNCH**

1 day ago

cor! They're bitching about £3 billion on a project still on the drawing board having stuffed the banks' gullets with £350 billion, no questions asked, no blame apportioned, "we'll hammer the mug tax payer for the cash. Nudge, nudge, wink, wink old boy".

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**Tony Ericson**

1 day ago

Hans Christian Anderson has already told us what is going to happen - this Emperor too will turn out to be in the all-together. And we will all have paid for the utter folly of the project.

Half of the proposed investment would be sufficient to upgrade current rail capacity with technological solutions (already well proven in Europe) and some loss of land to increased track (a fraction of the HS2 devastation) and then leave plenty for highways too. And this expenditure will be widely distributed across the regions and therefore benefit the widest possible areas of our economy, not just a metropolitan elite.

And, of course the existing evidence (again from Europe) that HS2 will blight the local economies in Birmingham Manchester and Leeds by sucking economic capacity into London (- eg. by the Germans@Mr W L Alexander), will continue to be ignored.

3 [Recommend](#) [Reply](#)



**Timothy Hoare**

1 day ago

The tunnels will be replaced by a cheaper open cut trench. I'd reckon that would save about 3.3B! It all appears to be political posturing.

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**Mrs Julia Pomeroy**

1 day ago

In response to the headline alone - what a surprise! Who would have thought?

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**Mr W L Alexander**

1 day ago

Are we a can do country or cannot do? How can we look at France and Germany with established high speed networks and we do not have ONE modern rail line up the spine of our country? The thinking is dominated by the London centric view which has no interest in anything north of Watford and whether it will alter the birdsong in the Chilterns! The West coast main line is already at capacity. Not only that, German engineers who came to visit the line during the upgrade were shocked at the high number of trains per day (wearing out the track) - much more than they would run in Germany. Meanwhile we are asleep at the wheel believing that all is well - these dreamers no doubt would rather that we were still in the era of steam trains?

For the eco warriors - has HS1 in Kent devastated the rural countryside? No! The Mayor of Lille begged for the Eurostar line to come via his city - contrast UK thinking. Likewise Kent hired a lobbyist to get the Eurostar International station at Ebbsfleet and succeeded. In contrast Thurrock at that time dominated by Labour discouraged a station at Rainham in Essex. Now Kent has two international stations and Essex has none. Which county was the far sighted winner? - a rhetorical question.

Let's wake up!

2 [Recommend](#) [Reply](#)



**Matthew Jubb**

1 day ago

I'd still be interested to know what your business case is? I live the North, have done all my life, and I am required to go to London 2-3 times a month for work. I get the train from Leeds.

I work on the train, so the 20 mins I would save is not wasted time. And more and more I am being asked not to travel, and e-meetings / video conferencing / remote working is becoming common place.

By 2035 rolls out to Leeds will we need a £35bn train that saves us 20 mins...?

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**Mr W L Alexander**

1 day ago

**@Matthew Jubb** Not just time, it is capacity. The lines are running well beyond the number of trains they would run in Germany AND the seats are full.

1 [Recommend](#) [Reply](#)



**Graham**

23 hours ago

If you need capacity then we could take forward either of the two private venture initiatives to re-open the old Great Central main line. That way you would have a fast main line that can handle both continental sized passenger and freight trains, for no public

investment or risk.

1  Recommend Reply



**Graham**

23 hours ago

First you need to look at a map and recognise the difference in size of UK, its geography with its capital stuck in one corner and relative short distances between stations to realise that High Speed rail may make some sense in France and Germany but is not the correct solution for UK.

A relative modern and fast enough continental gauged track bed exists in UK in the form of the old Great Central main line. This is estimated to cost one third of the price of HS2 to re-open and could be funded entirely by the private sector.

HS1 currently achieves less than 50% of its proposed traffic volumes and requires a 25% ticket subsidy from the tax payer to keep it in business. Meanwhile the real economic engine of road haulage is being killed by massive levels of taxation.

HS2 is "Prescotite" dream we no longer can afford.

3    Recommend Reply



**john bowes**

22 hours ago

**@Mr W L Alexander** Yes lets wake up and sort out the horrible road networks first. This vanity project bears no comparison to the cross channel service.

If you look at the Brum route the reason the trains are full is that many standard class carriages were replaced by First class costing 230 return, and having less seats. So profit wins before the passengers. This will be the same, and i can hardly see an economic winner here when you compare it to the roads - tried the m6 at brum at all?

Recommend Reply



**Graham**

1 day ago

I am no Nimby, but I cannot support HS2.

Its economic case is marginal and given the failure of the a Channel Tunnel and HS1 to deliver on both construction cost and revenue predictions in their business cases I cannot see why we believe HS2 would be any different.

Our road network handles 98% of our transport needs but is appalling condition due to inadequate maintenance budgets. New motorway costs 25% per mile what HS2, yet has a proven pay back of 8 to 10 times its investment, whereas HS2 most optimistic projection come in at 1.1.

In these difficult times the only sensible thing to do is invest in our road network, HS2 is a luxury we cannot afford and deserves to be consigned to history.

2   Recommend Reply



**Mr W L Alexander**

1 day ago

**@Graham** Which part of the country are you in to have this narrow minded view?

1  Recommend Reply





**christopher ledger**

23 hours ago

**@Mr W L Alexander @Graham**

What a supremely arrogant statement! Why is it any more narrow minded than yours, and what does it where you live matter may I ask?

Finally your arguments are a direct take from the HS2 lobby briefing papers, which are highly selective indeed on a par with the Heathrow propaganda - are they paying you for this tosh?

1 Recommend [Reply](#)



**Graham**

23 hours ago

I see you have no worthwhile argument, I have challenged HS2 proponents to justify why it makes sense over alternative road or rail schemes such as re-opening the old Great Central Mainline. Yet offer no rational argument and instead have to revert to abuse.

For you information Mr Alexander I live a convenient distance from the proposed Birmingham station and not close enough that I would hear or see HS2, so personally would benefit, but I do not put personal benefit before my country.

[Recommend](#) [Reply](#)



**john bowes**

22 hours ago

**@Mr W L Alexander @Graham** stupid stupid post, underlying the fact - you have no substantive economic basis for your assertions. Your main point being all the rush hour trains are full. My what an economic marvel you are.

[Recommend](#) [Reply](#)



**Silverwick**

1 day ago

"What it shows is that the Government has gone ahead and is investing billions of pounds of public money in a project for which it does not have a plan that stands up to scrutiny."

So what is new! Nearly every project the government embarks upon is a financial disaster, ill thought out, ill conceived, wrong facts, using career politicians or career civil servants who "know nothing about the subject and nothing about business"

3 Recommend [Reply](#)



**john bowes**

21 hours ago

**@Silverwick** all down to the backhanders, the contracts these morons sign, would never be signed in the private sector. Best put people who know fa about anything on the case, buy them a few wines and all of a sudden you have your scapegoat and your mates their project

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**Matthew Jubb**

1 day ago

"The case for HS2 is clear," Mr McLoughlin said



Obviously not, or else the NAO report would have found it.

Infrastructure for economic growth is now more complex than a new train - high-speed broadband everywhere, and better transport services for to get to regional 'centres' (Manchester, Leeds, Newcastle etc for the North) is what is needed.

Quite simply this is an ego project that we are paying for.

8 Recommend Reply



**Mr W L Alexander**

1 day ago

**@Matthew Jubb** Is the NAO staffed by people with a grasp of engineering and with experience of living at both ends of our country or as Nigel Lawson might say teenage scribblers based in London?

1 Recommend Reply



**Matthew Jubb**

1 day ago

What are the links between a business case and engineering?

Recommend Reply



**Mr W L Alexander**

1 day ago

**@Matthew Jubb** That says it all.

Recommend Reply



**Matthew Jubb**

1 day ago

Please explain?

Recommend Reply



**Arthur Rusdell-Wilson**

22 hours ago

**@Matthew Jubb** Possible, you could summon up the ghosts of Robert Stevenson and Isambard Kingdom Brunel and ask them. Or, amongst the recently departed, ask Steve Jobs.

Recommend Reply

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