

HS2 rail benefits to economy 'unclear', says National Audit Office

The economic benefits of the HS2 high-speed rail project are unclear, the National Audit Office (NAO) has warned.

In a report, the NAO said it had "reservations" about how the planned high-speed rail link would deliver growth and jobs.

It added that the project had an estimated £3.3bn funding gap.

Labour described the report as "worrying", but Transport Secretary Patrick McLoughlin rejected the report, saying the case for HS2 was "clear".

The NAO said the Department of Transport (DfT) had "poorly articulated" its case that the rail network needed transformation and that the High Speed 2 project would generate regional economic growth.

It said the department had emphasised that HS2 would provide faster and more reliable journeys, but said the link between this and the strategic reasons for doing the project in first place, such as rebalancing regional economies, was not clear.

The NAO also estimates a £3.3bn funding gap for the controversial project which "the government has yet to decide how to fill".

'Needs more work'

A new estimate based on a clearer route and more information was likely to be higher than an earlier cost estimate of £15.4bn-£17.3bn, it said.

Meanwhile, it also warned that the government's timetable to start phase one of the project was "over-ambitious".

Speaking on the BBC's Today programme, one of the report's authors, Geraldine Barker, said the government needed to be upfront about uncertainty surrounding the costs and benefits of project.

"We think they need to do more work. [The objectives] they've stated is quite broad - we couldn't find the detail backing it."

Margaret Hodge, chairwoman of the Public Accounts Committee, said the business case for HS2 was "clearly not up to scratch".

She said there was "virtually no evidence" to support the claims that HS2 would deliver regional economic growth, describing some of the DfT's assumptions as "just ludicrous".

"We have been told that it will deliver around 100,000 new jobs, but there is no evidence that all these jobs would not have been created anyway. The department has also set an extremely ambitious timetable for the project, with no room for mistakes."

'Strong and prosperous'

But Transport Secretary Patrick McLoughlin said he "did not accept the NAO's core conclusion".

The report depended "too much on out-of-date analysis and does not give due weight to the good progress that has been made since last year", he said.

"The case for HS2 is clear. Without it, the key rail routes connecting London, the Midlands and the North will be overwhelmed."

The Chancellor, George Osborne, insisted the benefit of HS2 to the UK "will be enormous".

But shadow transport secretary Maria Eagle said the report was a "worrying wake-up call" for the government.

"A new high-speed line between north and south is vital to tackle the rapidly advancing capacity crunch on Britain's railways, yet the NAO is damning about the Department for Transport's ability to deliver it," she said.

Cut in journey times

HS2, which runs through Tory heartlands, has faced bitter opposition.

Stop HS2 campaign manager Joe Rukin said: "The project is out of control because the politicians involved have been seduced by the words 'high-speed rail' and have been complicit in fabricating a case for their vanity project."

He said: "The NAO say everything the Stop HS2 campaign has been saying for three years."

Last week, new legislation paving the way for development of the HS2 was announced in the Queen's Speech.

The High Speed Rail (Preparation) Bill would allow expenditure on construction and design on the HS2 project "quicker than otherwise possible".

It aims to provide Parliamentary authority for ecological surveys and other preparatory work to take place and to pay compensation to property owners along the route.

It is hoped the first trains will run on the HS2 line around 2026.

The Department for Transport says phase one will cut London to Birmingham travel to 49 minutes, from the current one hour and 24 minutes.

The HS2 phase two would virtually halve journey times between Birmingham and Manchester - to 41 minutes - and between London and Manchester from two hours and eight minutes to one hour and eight minutes.

Speeds of up to 250mph on HS2 would reduce a Birmingham to Leeds journey from two hours to 57 minutes.

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