

Public Accounts Committee weighs in on HS2

Posted 09/09/13

The House of Commons Public Accounts Committee has told the government that it has yet to present a convincing strategic case for High Speed 2 and has expressed doubts that the legislation required to build phase one will be enacted ahead of the next General Election.

As the Department for Transport prepares to relaunch the controversial HS2 programme with updated calculations showing the anticipated benefits of proceeding with the £50bn investment, MPs on the committee say the DfT should publish detailed evidence which clearly shows why it considers High Speed 2 to be the best option for increasing rail capacity into London, improving connectivity between regional cities and rebalancing the economy.

The committee claims that decisions on HS2 to date have been based on fragile numbers, out-of-date data and assumptions which do not reflect real life. While the overall budget for phase one has risen from £16.8bn to £21.4bn, the estimated economic benefits have gone down - in part due to double-counting by Atkins when the consultant undertook modelling work in 2010. MPs also note that calculations of the benefits of HS2 to business travellers make no allowance for passengers being able to work on board train using modern technology.

Members of the panel argue that the £14.4bn contingency built in to the full HS2 budget appears to compensate for sketchy information on costs. MPs want the Department to allocate its contingency allowance to specific risks in order to justify the large amount it has set aside.

The Public Accounts Committee calls the government's timetable for presenting the phase one hybrid bill to parliament by the end of 2013 ambitious and the target of receiving Royal Assent by the end of March 2015 unrealistic. The time allowed is said to be shorter than that permitted for High Speed 1 and Crossrail bills despite HS2 being a much larger programme.

Margaret Hodge, Chair of the Committee of Public Accounts, said: "The Department for Transport has yet to present a convincing strategic case for High Speed 2. It has not yet demonstrated that this is the best way to spend £50bn on rail investment in these constrained times and that the improved connectivity will promote growth in the regions rather than sucking even more activity into London."

The PAC report says HS2 Ltd has spent about £185m on consultants to date, mostly on the development of phase one, including the route design and the environmental statement. It expects to have spent just over £500m on consultants by the end of March 2016.

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