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Danny Alexander casts doubt on timetable for HS2 funding bill

By Mark Odell, Transport Correspondent



Fresh doubts were cast over High Speed 2 on Wednesday when Danny Alexander, Treasury chief secretary, raised the possibility that legislation to secure funding for the rail link may not be in place by the next election.

Failure to tie-up the £16bn capital expenditure, which is earmarked to build the line's first phase

between London and Birmingham, would make it easier for an incoming Labour government to kill off the project.

Ed Balls, shadow chancellor, has committed to carrying out an audit of the scheme if Labour wins the general election in 2015, amid signs that the cross-party consensus is crumbling.

The government had previously insisted it had the time to pass legislation to secure almost all the funds needed for the first stage of the flagship infrastructure project during this parliament. The complex legislative process, known as a hybrid bill, is due to start before the end of the year.

However, Mr Alexander cast doubt on the timetable when he told a conference in London that the government aimed to get the bill "well on its way" before the election.

When pressed on whether he was signalling a delay, he responded: "It is our intention to get the hybrid bill through in this parliament."

But he then pointed to a minor bill being pushed through parliament that would allow funds to be allocated to the project should there be any delay to the hybrid bill.

Maria Eagle, shadow transport secretary, has predicted the hybrid bill will carry over into the next parliament.

Criticism of the scheme has mounted over the summer after the government announced the estimated costs had shot up by £8bn.

In a sign of the government's determination to shore up the project, it announced that Sir David Higgins, the highly respected outgoing chief executive of Network Rail, would take over as chairman of HS2 Ltd, the delivery vehicle, from early next year. He will replace Doug Oakervee, who is widely seen as having been ineffectual in promoting the project.

Sir David told the BBC's *Today* programme on Thursday that the line was vital to the future of the British economy and should not be used as a political football. "I met with the chancellor last week and said there was only one thing I really need on this project and that is this has to be bipartisan – you can't have this as a political football, it's too crucial for the nation.

"The key issue is setting out the alternative. While we do have the safest railway in Europe, we have the oldest railway in Europe, the growth rates here far outstrip any other utility in the UK and any other railway in Europe, it's essential for economic growth in this country to have a proper modern railway."

Sir David said it was important to make the case for HS2 openly and transparently to maintain support for spending the money.

Mr Alexander said the government remained "fully committed" to delivering HS2 within its £42.6bn budget but acknowledged cross-party consensus was under threat. "In terms of [political] consensus it is not entirely clear to me what the Labour party's position is because there have been voices on both sides. Clearly there is a bit of a debate going on."

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- Sir David Higgins, outgoing chief executive of Network Rail, to take over as chairman of HS2 Ltd

He mocked attempts by Mr Balls to discredit David Cameron, after the shadow chancellor had accused the prime minister of pursuing HS2 out of "pride and vanity".

HS2 and the other big infrastructure schemes the government announced in a £70bn programme to the end of the decade "are projects that we are fully committed to moving forward with, not out of vanity or pride or pigheadedness as some of our opponents would have it, but out of our understanding of what our economy needs".

Mr Alexander said it would be "absolute folly to neglect this long-term economic benefit for short-term political reasons", echoing recent criticism of Mr Balls' stance from within his own party.

The latest estimate for HS2 is now more than £50bn, including the £7.5bn cost of the trains. The first stage to Birmingham is due to open in 2026, with the second Y-shaped network to Manchester and Leeds due for completion by 2033.

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