

HS2 economic case has serious shortcomings say MPs

A committee of MPs has voiced serious doubts about whether a new high speed rail link would offer the UK value for money.

Members of the Treasury Committee said there were "serious shortcomings" in the current cost-benefit analysis for HS2.

They said the economic case must be looked at again.

A government spokesman said HS2 was vital for the UK to meet its "urgent capacity needs".

HS2, which stands for High Speed Two, is intended to allow trains to run at 250mph (400km/h) from London to Birmingham from 2026, with branches to Manchester and Leeds via Sheffield planned for 2033.

The estimated cost of the plan has risen in the past few months from £34.2bn to £42.6bn - plus £7.5bn for rolling stock.

Criteria

The Committee's report called for a more convincing case for HS2 from the Treasury.

"We need reassurance that it can deliver the benefits intended and that those benefits are greater than those of other transport schemes - whether in the department's project pipeline or not - which may be foregone," it said.

The MPs said the government should formally reassess the project and proceed only once three criteria are met:

Concerns raised by the National Audit Office over the existing cost-benefit study have been factored in by the government

The Treasury publicly explains any benefits HS2 will bring that are not in the existing economic appraisal

The Treasury has published its own comprehensive economic case for HS2

The government spokesman said the project was on course, under control and would be delivered within the agreed budget.

"We are confident that our analysis is robust and conforms with government spending guidance," he said.

"The case for HS2 will be further improved when we publish shortly the updated strategic case - including cost-benefit analysis - which will show high value for money for the project."

Boost?

The HS2 plans have had the backing of all three main political leaders but are strongly opposed by some backbench MPs.

However, shadow chancellor Ed Balls has hinted Labour might ditch the project over its cost if the party regains power.

A recent report for HS2 Ltd found the project could boost the UK economy by £15bn a year.

The report, from accountants KPMG, says that regions outside London will be the biggest beneficiaries of the new service.

But the economic boost will not be felt until 2037, it said.

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