

Construction Cost Management for Infrastructure

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Rt Hon. Kit Malthouse MP,
House of Commons,
Westminster.
LONDON
SW1A 0AA

Dear Mr. Malthouse,

HS2 – “The Killer Whale”

I read your comments, reported recently in the press, on the future of the HS2 project with interest.

I have been involved with project since its inception and have, regularly, expressed my concern at its spiralling cost and repeatedly extended dates for project delivery. At the request of my Clients, all of whom are adversely affected by the project, I have kept a constant record of cost and project delivery dates, which I have published.

Assessment of Estimated Cost and Dates for Project Delivery

My current assessments of cost and time for delivery are:-

- I. Estimated Project Cost (at 4th Quarter 2019 prices) is £136.37 bn – Government Funding Envelope £55.70 bn
 - a. The scope of works is as described in the Integrated Rail Plan CP490, published 14th November 2021, adjusted to take account of the total cost of the Old Oak Common interchange station and the additional engineering required to build the railway across the Cheshire brine fields.
 - b. Despite having been advised of the problems adjacent to Park Village East in 2016, HS2 Limited has not identified an affordable, safe access for its tunnels to London Euston Station, these difficulties have been confirmed to me during the past week.
 - i. The earliest date for start of tunnelling, assuming a construction solution is identified by Spring 2023, is late 2023; *this date has been confirmed in the House of Lords by Baroness Vere in her written answer to Question HL 1834.*
 - ii. Old Oak Common remains the southern limit of the HS2 project for as long as London Euston Station remain inaccessible to its trains.

- iii. To provide access to London from HS2 trains, HS2 Limited/Network Rail must build the interchange station on the Great Western Main Line, which will cost a further £5.88 bn (at 4th Quarter 2019 prices)
 - c. Cheshire brine fields – engineering problems; in the Quarterly Journal of Engineering Geology and Hydrology (QJEGH), a group of engineers, all working for HS2 Limited, published a paper in which they stated that further engineering works will be required to make the line suitable for high-speed trains; these works will add £5 bn to the estimated cost.
 - i. In addition to the report in QJEGH, there are further reports on the problems over the suitability of the route chosen by HS2 Limited; these reports by Terra Consult Limited and Dr. Rosalind Todhunter, a professional geologist, point out the voids in the Cheshire brine area, provide ample natural storage capacity for gas.
 - ii. If HS2 Limited is allowed to use the route, the engineering works required will irretrievably damage these voids, preventing their use if the country wishes to improve its energy security reserve.
 - d. “Whistle-blowers”, within HS2 Limited and its supply chain, have confirmed all these costs; the totals have been independently assessed through applying measured elemental estimates
 - e. The emerging cost of the project absorbs all the funding included in the IRP, and more, and reduces the funds available for the Government’s “levelling-up” programme.
- 2. HS2 - Dates for project delivery
 - a. Phase I – London to the West Midlands
 - i. Assuming HS2 Limited can identify a safe, affordable access to London Euston, Phase I is unlikely to be complete and in service before 2035.
 - ii. If HS2 trains must terminate at Old Oak Common, the interchange station on the Great Western Main Line, which is equivalent in size to Watford Junction on the West Coast Main Line and is unlikely to be ready before 2035.
 - b. Phase 2a – West Midlands to Crewe
 - i. The engineering reports referred to identify and highlight ground engineering problems along this section of the route, which have not been addressed by HS2 Limited, will also add considerable time for project completion above.
 - ii. The date for delivery of this Phase is anticipated, by HS2 Limited, to be late 2036
 - c. Phase 2b West Crewe to Manchester
 - i. The engineering problems in building over the Cheshire brine fields must be overcome, as with engineering problems at London Euston, and will add very considerably to project delivery time; mitigation measures may well include identifying an alternative route, seeking further parliamentary permission and building on a completely different route.
 - ii. Greater Manchester Combined Authority, Manchester City Council and other authorities strongly object to HS2 Limited’s proposal for a surface

- terminal station in Manchester and are campaigning, vigorously against HS2 Limited's plans.
- iii. A conservative estimate, from "Whistleblowers" within HS2 Limited and its supply chain, consider that 2nd Quarter 2045 is the earliest date the railway will reach Manchester.
- d. HS2 Phase 2b East West Midlands to Nottingham
- i. There are engineering problems along the line of route through the route, which passes through the geological lower Trent Valley. The construction problems in this phase are similar to those identified in Phase I and have cost and time implications
 - ii. Assessments from the "Whistleblowers", within HS2 Limited and its supply chain believe, assuming the other problems with Phase I can be resolved, that the earliest delivery date for this phase in 2039.
 - iii. No-one within HS2 Limited can state when Leeds will be reached by any route.

HS2 Limited and Department for Transport – allegations of withholding critical information

The authors of the QJEGH engineering report, state that the surveys on which their opinions are based was conducted after Phase I received Royal Assent on 23rd February 2017. They further state that the route for the entire railway should have been chosen after the completion of the survey and not before it.

All the information on which these assessments are based have been known to HS2 Limited's Board of Directors for some time, certainly prior to the HS2 Chairman's Stocktake in August 2019 and prior to The Oakervee Review. I participated in The Oakervee Review and confirm that none this information was disclosed to members of Mr. Oakervee's panel.

Public Accounts Committee – complaints about HS2 Limited and the Department for Transport

The failure or unwillingness of members of HS2 Limited's Board and of senior officials within the Department for Transport to provide details of the problems faced by the project, has led to "Whistleblowers" providing details of the suppressed information to the press and to the Serious Fraud Office (SFO). The leakage of information accelerated after the appearance of Bernadette Kelly, Permanent Secretary to the Department for Transport before the Public Accounts Committee (PAC) in May 2020, when members of the PAC claiming that *"that Bernadette Kelly, the DfT's permanent secretary, may have broken the civil service code, following her "failure to explicitly inform the committee of the programme's delays and overspend" when questioned about the project in parliament last year (2019)"*.

On 21st October 2021, I had a "face-to-face" meeting with the Chair of the PAC, Dame Meg Hillier MP, in which she told me:-

- The PAC had no forensic support to carry out its review of the HS2 project or the conduct of senior officers of HS2 Limited and senior civil servants at the Department for Transport

- When PAC asked for forensic supports or funds to employ it, the request was turned down by the Cabinet Office
- Similarly, when PAC sought to refer matters arising from its dealings with the project to the Serious Fraud Office (SFO), it was denied access to the SFO by the Cabinet Office.

I made detailed notes of the meeting, which was attended and witnessed by my colleague, Lord Berkeley, who has confirmed to me that my notes of the meeting are a true record of the discussions.

In view of the seriousness of Dame Meg Hillier's admissions, I swore an affidavit confirming what she told me and have lodged it with the SFO. A copy of my affidavit is attached to this letter.

Since your comments about the project appeared in the press, I have received from a member of one of the many petitioning groups, which I advise, a copy of a letter dated 18th July 2022 written by your colleague, Rt Hon Jacob Rees-Mogg MP, Minister for Brexit Opportunities and Government Efficiency, to Sir Bill Cash MP. In the letter Mr. Rees-Mogg states that his department has no knowledge of the problems faced by Dame Meg Hillier MP and the PAC.

Clearly the statements made by both members of Parliament are incompatible. May I urge you to investigate and resolve the matter. Simultaneously you may wish to re-examine all the information Government has received from HS2 Limited and the officers of the Department for Transport before your prediction for the future of the project becomes a reality.

Summary

The current cost and dates for project delivery are:-

1. The Estimated Final Cost for the project as defined in the IRP, at 4th Quarter 2019 prices, is:- £136.37 bn and rising; this compares with a Government Funding Envelope of £55.7 bn and the total funding in the IRP of £96.40 bn.
2. The project is unlikely to reach London Euston before 2035 and Manchester by 2045, assuming a safe, affordable route over the Cheshire brine fields and a station acceptable to all is identified.
 - a. Phase 1 was originally planned to be open by 2026
 - b. Phase 2a and 2b West – Crewe to Manchester by 2035
3. Phase 2b East – West Midlands to Leeds, which has been severely curtailed, was originally planned to be open by 2043; there is no realistic date available for the completion of the phase.
4. Whistle-blowers' within the HS2 supply chain, believe that my current assessments of cost and time are overly optimistic.

I update my assessments of estimated cost and dates for project as I receive further, additional information.

With this letter, I attach copies of my affidavit, recording my meeting with Dame Meg Hillier MP. and Rt Hon Jacob Rees-Mogg MP's letter dated 18th July 2022 to Sir Bill Cash.

I have sent copies of this letter and its attachments to Rt Jacob Rees-Mogg MP, and Dame Meg Hillier MP.

If you have any questions or require any more information, feel free to contact me at any time.

Yours sincerely,



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