



From Lord Berkeley 07710 431542, tony@tonyberkeley.co.uk

Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons.

14th September 2023

Dear Meg,

HS2 – PAC Report on HS2 Euston – 63rd Report Session 2022-3
Analysis and Commentary by Lord Berkeley and Michael Byng.

I wrote to you and Gareth Davies on 20 June about HS2 costs, and regret that I have not received a response from either of you. I now attach a more detailed critique prepared by Michael Byng and myself of the NAO Report HC1201 and the transcript of the PAC Evidence session on HS2 dated 24th April 2023.

Our concerns are that neither the NAO nor the PAC have made use of the full amount of independent evidence available about progress and costs of the various parts of HS2, resulting in what might be described as a rubber stamp exercise of information provided by HS2 Ltd and the Department for Transport.

Our main concerns and recommendations, as listed in our Report may be summarised as:

1. The £2.4bn budget set in 2020 proved to be completely unrealistic for what the Department wanted to deliver.
2. The Department does not yet know the costs and impacts of pausing construction.
3. The Department and HM Treasury have not reached a clear understanding about how they would manage high levels of inflation on the HS2 Programme, including accessing Government-held contingency.
4. The Department's Reports to Parliament on the HS2 programme and reflect the significant level of uncertainty in it is estimated costs of Euston station.
5. The Department has not yet learned from managing major projects.

We set out our estimates of costs and comparisons from Royal Assent of Phase 1 onwards including in the Oakervee Review and conclude by offering alternative Regional schemes providing ongoing work for HS2 Ltd supply changes in the event that parts or all of HS2 are cancelled.

We strongly urge the PAC to revisit the subject of their 63rd Report including the sourcing and consideration of the widest range of independent information.

We are of course more than happy to provide further evidence including making full use of all available independent evidence.

Yours Tony, Tony Berkeley

Copy Gareth Davies Esq, Chief Executive, National Audit Office