



From Lord Berkeley, 07710 431542  
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Rachel Reeves MP  
Chancellor of the Exchequer  
The Treasury

5<sup>th</sup> October 2024

Dear Rachel,

### **HS2 is still bleeding funds**

You will be aware of my interest in HS2 – the need or otherwise, and the costs.

The recent media coverage of overcrowding at Euston is a failure of the train operator to manage the train departures and passenger flows; the problem does not seem to happen at other London main line stations. One simple solution would be to terminate the now truncated HS2 line trains at Old Oak Common, spreading the new load of passenger demand onto the Elizabeth Line rather than making Euston even more crowded. Ten HS2 platforms there without a massive investment in connections to the Underground can only make matters worse.

If ministers insist on taking the HS2 line to Euston, I remind you that there is no safe solution yet published except that by Chris Gibb and in the petition by Sam Price. This is much cheaper than the HS2 option but will still need private finance unless ministers decide for example that this is more important than building the new lines across the North.

A report in the FT (27 September) stated that the Department for Transport has asked KPMG to lead a review into governance and accountability at HS2. May I suggest that this scope should be widened to include the governance and accountability of the Department for Transport itself, since it was quite clear from the Panorama programme (27 September 2024) that ministers, senior officials in DfT and the Chairman of HS2 all knew that the project was running seriously over budget, and this resulted in Nus Ghani MP misleading parliament by quoting a figure of £55bn capital cost of Phase 1 rather than the £80bn in the HS2 Chairman's stocktake. This resulted in parliament giving Royal Assent to the Bill on an erroneous basis.

You have quite rightly been challenging departments and business to reduce the need for consultants. KPMG are not independent of DfT since they joined our meeting on HS2 costs during the work on the Oakervee Report and stated that Michael Byng's estimate was within 3% of their

own one, and a long way above that of DfT – who would not of course provide any figures to us for the Oakervee Report.

So if there has to be report on governance and accountability of DfT/HS2 et al, should this not be done by an organisation independent of DfT? If ministers insist on using KPMG, then presumably KPMG will not need any further funding as they must have been well remunerated for the work they did for us at Oakervee and at other times.

In parallel, putting HS2 into liquidation, stopping all further work on it, coupled with an independent inquiry into what went wrong might save the Treasury a lot of money!

I am copying this to Peter Hendy and Louise Haigh.

Yours Tony

Tony Berkeley