

# Transport Committee

Oral evidence: [HS2: progress update](#), HC 85

Wednesday 10 January 2024

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Members present: Iain Stewart (Chair); Jack Brereton; Fabian Hamilton; Grahame Morris; Gavin Newlands; Greg Smith; Mick Whitley.

Questions 393–471

Witness

I: Sir Jon Thompson KCB, Executive Chair, HS2 Ltd.



## Examination of witness

Witness: Sir Jon Thompson KCB.

Q393 **Chair:** Welcome to today's session of the Transport Select Committee—our first oral session of the new year. Before we get going, and for the purposes of our records, could I ask you to state your name and position, please?

**Sir Jon Thompson:** I am Sir Jonathan Thompson, the executive chair of High Speed 2 Ltd.

**Chair:** Welcome. We are grateful for your time. Just to explain, this is part 2 of our regular HS2 scrutiny session. Unfortunately, Sir Jon, you were not able to join us when we had our session in Birmingham. We are very grateful to you for making time available today.

May I start by giving you a general opportunity to give us an overview of the progress on phase 1, particularly over the last six months, and of the milestones you are hoping to reach in the period ahead?

**Sir Jon Thompson:** Certainly, and my apologies that I could not meet you in December, as I was, I am afraid, rather ill. Thank you for the opportunity to set out where we are on phase 1. The civil engineering is now past the 50% mark, so the majority of the civil engineering is now complete. The peak year for civil engineering construction is 2023-24, closely followed by 2024-25. People should then see a significant ramp-down of the civil engineering as we begin to phase in the railway systems.

On stations, you will be familiar with the situation at Euston, which is on pause while we await Government decisions on the way forward on Euston. On Old Oak Common, we have made excellent progress, and we are now beyond 50% complete. That has been made slightly more complicated by the outstanding decision on tunnelling from Old Oak Common south towards Euston. Again, that is subject to a Government decision that is yet to be made.

On the interchange station in Birmingham, we are in the late phase of designing the station. We expect to be able to award a contract in the spring of this year; the current aim is May, but we should be able to let that contract in the spring. On Curzon Street, the contract was awarded in the run-up to Christmas, and construction will start shortly.

On railway systems, we now have all the tender returns for all the various railway systems—16 in all—and we are currently going through evaluation and clarification of the bids, with a view to awarding all the contracts in the run-up to the summer.

Overall, I think delivery has been strong. There is clearly some very impressive civil engineering up and down the route, and I know that you have been out and seen some of that. But, as has been reported, the cost of delivery is more than the Government budgeted, and that is before you begin to account for the extraordinary construction inflation over the last



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three years or so. We now estimate that phase 1 will cost between £49 billion and £56.6 billion before inflation—that is at a 2019 price—against the Government’s budget of £45 billion, and I am sure that that is something you will want to explore in the course of this meeting. I could also briefly give you an update on phases 2a and 2b, if you want me to.

**Q394 Chair:** Thank you. That is very helpful. We will certainly want to dig in to some of those issues. Forgive me, but I have a question that is of local interest to myself and my colleague Greg Smith. Can you give us an update on HS2 Ltd’s work on delivering the Calvert Box, where the line intersects with East West Rail?

**Sir Jon Thompson:** My understanding is that that was completed late last year. There had been some delays in relation to where they intersect, but that was tidied up, and it proceeded. I met the chief executive of East West Rail, and I was told that there were now no problems between our respective organisations.

**Q395 Chair:** Thank you. I would now like to turn to the Government’s decision not to proceed with phase 2a. In Birmingham, we heard that HS2 Ltd would be involved in the discussions about what happens at Handsacre and other points in terms of phase 1 joining the classic west coast main line. Can you give us an update on what discussions are happening with regard to that?

**Sir Jon Thompson:** Yes. In the first three or four weeks after the announcement on 2 October, it became fairly clear that the level of detail that civil servants had developed in advising Ministers on that policy—which we, of course, were not party to, to be really clear—lacked some specificity. The Department asked us for detailed analysis on six areas: Handsacre junction and connections to the west coast main line, rolling stock, Euston tunnelling, Old Oak Common, Curzon Street, and the 2a eastern stub. On Handsacre junction, we came to the conclusion that that was not the rate-limiting step that people initially thought that it might be, and that very little work was required on the junction to facilitate connection back to the west coast main line. I understood that the Secretary of State was going to write to you, or may have done so in the last day or so. I do not know whether that is correct. I certainly had thought that he was going to write.

**Chair:** I personally am not aware of that. It may be in the post.

**Sir Jon Thompson:** Yes. The issue about connectivity to the west coast main line is not as significant as people initially thought it was. The issue about the west coast main line, which you may want to come on to, is whether all of these decisions will increase or decrease the capacity up and down the line. I will leave it for somebody to ask me that in due course.

**Q396 Chair:** We will certainly want to come on to that. It has been reported that an organisation or a group—I am not sure of its exact status—has been set up, led by Sir David Higgins, with the Mayors of the West Midlands and Greater Manchester, to look at possible options for connectivity between the west midlands and Greater Manchester now that phase 2a is not



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happening. Is HS2 Ltd part of that work or discussion?

**Sir Jon Thompson:** We are not formally part of that. We are aware of it. We have been asked to take part in discussions, which we are happy to do, but in the end it will be for Ministers to decide whether they want to pass over the detailed analysis that is available within the Department and the company. At the moment, Ministers have indicated that they do not want that detailed information to go to the other party. So we are aware, we are in the conversation, but we are not providing any information or advice.

**Chair:** Thank you. I want to return to some of these points later, but for now I will hand over to my colleague Greg Smith.

Q397 **Greg Smith:** Good morning, Sir Jon. You have had your feet under the desk in your current role for a good few months now. What is your assessment of how many live cases there are from individuals, businesses, whole communities, councils or parish councils across phase 1, raising concerns and issues with HS2 Ltd and/or your contractors?

**Sir Jon Thompson:** If we are talking about complaints, we do track the number of complaints, and we have a process to resolve those, however they arrive at us. We categorise them. There are those that are urgent—for example, “The contractor has parked on the front of my drive. Can you move it straightaway?”—and there is a 24/7/365 phone line that you can ring if you have a very urgent complaint. Then it depends on the nature of the complaint. A complaint from a parish council may be a significantly different complaint about the very nature of what we are doing and how we are doing it. Those take much longer to resolve.

I do not have the latest statistics on how many there are, but there is a monthly report on the number of complaints and phone calls, and how quickly we are resolving them. My understanding is that we resolve 100% of the so-called class 1 complaints—the very urgent ones—within 48 hours, but I guess you are asking about more detailed issues, which take somewhat longer. If you want me to give you all the statistics in the monthly report, I will happily do that, but I have not brought a copy of it with me.

Q398 **Greg Smith:** That would be helpful. Perhaps it would be useful to the Committee, given that you have had your feet under the desk in this role for a while now, if you gave us your assessment of how well you think the organisation has dealt with and listened to communities and understood the real concerns that this Committee has heard from witnesses over the past few years, both in Westminster and on the ground. Do you think HS2 Ltd has been the good neighbour that the organisation has consistently purported to be?

**Sir Jon Thompson:** In general, I would say that we strive to be the best that we can at being a good neighbour. As I said, for those things that are clearly urgent and directly impact on people, we try to clear them as quickly as we possibly can because they affect people’s day-to-day lives, although I am aware of a number of different very significant complaints



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that reach my desk. I can think of a couple where the impact of HS2 is so significant on somebody's life that it dramatically impacts them. The balance to be struck here is between the impact on the individual and being as sympathetic as we possibly can, and carrying out the will of Parliament to build the railway.

We try to give people time, money or support as much as we possibly can and we try to talk as much as we can, but in the end we have to make a decision about whether we are going to proceed or not. I fully recognise that there are individuals and communities up and down the line who did not want this railway to be built in the first place, nor do they like the impact of it on them now, even if we take longer to discuss, consider, consult and so on and so forth. I recognise that, but in the end a decision has to be made to carry out the will of Parliament as best we can.

**Q399 Greg Smith:** Perhaps I could make my question a little more practical. You have just said that there are cases that need some detailed discussion and perhaps negotiation. However, the Committee heard from my neighbour Rob Butler, the MP for Aylesbury, about a case in his constituency, Stoke House Farm. He has been trying to get some practical resolution to issues that stem from damage to a bridge that has had a water impact on the pond on that farm, footpath realignment and all sorts of issues that date back to 2020. There is still no resolution on any of this, and we are in 2024.

What is your response? Ideally, it would be specific to that case, but I accept that you might have to get back to us specifically on that. When it comes to things that affect real people—their mental health as well as their physical property—and a railway that they categorically did not want, is it acceptable for a real human being to be left in limbo for four years?

**Sir Jon Thompson:** In that specific case, no. It is unacceptable. I am not familiar with the case you are referring to, but if you can give me the name and the details I will be happy to look at it. As I said, I am aware of a number of similar cases that come up to me—I get involved in those—and of a small number of cases that go to the independent residents' commissioner, who can also take a view. We can take Lord Jackson's advice on those cases, too.

It is not acceptable for it to last four years. What you inevitably find in some of these cases—I am not necessarily referring to yours—is that there are multiple different issues involved. We try to be as reasonable as we can, but in the end we have to make a decision about whether we are or are not going to carry out the will of Parliament. I fully accept—I will say it again—that not everyone along the line of route agrees with what we are trying to do. Indeed, I think your public position is that you personally are not in favour of HS2.

**Greg Smith:** Correct.



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**Sir Jon Thompson:** I fully recognise that, but there is an Act of Parliament and we need to carry it out as much as we can. Sometimes it is time, sometimes it is support.

There was a report in *The Sun*, I think, over the weekend about us providing trauma support to an individual resident along the line at some considerable cost to try to help them through their particular case. We will try to provide whatever support we can, but in the end a decision has to be made about whether we are going to proceed or not. There are undoubtedly some specific extreme cases—this may be one—where we will not satisfy the resident, and then a decision has to be made about whether we will proceed or not.

**Q400 Greg Smith:** On that basis, given that you are a fresh broom in this role, if I can put it that way, will you commit to taking a personal interest in the particular case at Stoke House Farm that I have raised? More than that, what more are you doing to improve the relationship between HS2 Ltd, your contractors and the real people who are suffering under the construction of this project?

**Sir Jon Thompson:** I am happy to give the commitment on the specific case, if you could write to me. I know that there is a weekly meeting between your office and my office, so if they could highlight that particular case I will personally have a look at it.

The first thing to say is that we do an extensive amount of community work. That is everything from listening and discussing through consultation and possibly even formal consultation. We also have to get a very large amount of consents from the local planning authority, the local transport authority, the Environment Agency and Natural England. For phase 1, I think the latest estimate is that there are more than 8,278 consents. That obviously involves the local authority. We are not scaling any of that back—that is the first thing to say. There are more than 100 people who work in that particular function and who take elements of the line one by one, so they are very familiar with aspects of the route. We are not going to scale any of that back.

Is there anything more that we could do? Undoubtedly there may be, and I am open to suggestions about what that might be. I am happy to take a look at it and see if there is anything more that we can do.

**Q401 Greg Smith:** Okay. I am sure you have read the transcript from our evidence session in Birmingham, which, for perfectly good reasons, you were unable to attend. I raised the issue of compensation for businesses as distinct individuals affected by the endless road closures—the impacts that simply mean that businesses cannot function as they used to without being in the category where they are compulsorily purchased, or whatever it may be. I raised the case of a pub in the village of Steeple Claydon that last year lost around £65,000-worth of revenue due to the road closures. Your predecessor said something quite rude about that.

First of all, accepting that they were not your words—but they were the words of the then chief executive of HS2 Ltd—can I ask you to use the



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platform of this Committee to apologise for the attitude towards that particular pub in Steeple Claydon, the Prince of Wales? Will you also commit to looking at the question of compensation for businesses that are losing significant revenue because of the construction of this railway and that, hitherto, have been offered nothing?

**Sir Jon Thompson:** You clearly feel like an apology is necessary, so let me offer one for whatever Mr Thurston said that was offensive. My understanding is that there are seven existing compensation schemes. The variation between the seven depends on how close you are to the route—whether you are over the tunnels that go underneath or you are next to the route—and the rateable value of your property. If that does not cover or include the specific case—

**Greg Smith:** That is the point I am making.

**Sir Jon Thompson:** I guess that is the point you are making. I am happy to have a look at that. The aim of compensation schemes is to leave people no better or worse financially than they would have been, and there is an independent process over and above HS2. I will happily have a look at that, but I cannot promise you anything. It rather depends on what Ministers believed was an appropriate compensation scheme. As I said, there are seven different ones.

Q402 **Greg Smith:** I appreciate that. In one of your earlier answers, you referenced the residents' commissioner, and there is also the construction commissioner. For the record, I am full of praise for both Sir Mark Worthington and Lord Jackson for the attention they have given, certainly, to my constituency and the issues that I have raised with them. How often do you personally speak to both of them to get briefed on the issues that they see affecting communities from the construction of this railway? How often do you take direct action off the back of what they have said, and do you feel that they have sufficient powers to act in the interests of the communities affected?

**Sir Jon Thompson:** I meet both of them every six months on the back of their six-monthly reports—in fact, I am meeting both of them this afternoon. My analysis, at least, of Lord Jackson's reports is that they have provided an improving picture over time. Indeed, Lord Jackson had some complimentary words in his last report, which I think might have been the 16th or the 17th. He has just produced another one and I am seeing him this afternoon to talk through that to see whether there are any significant cases.

To give you some flavour of the last conversation I had with him, we did indeed talk about his overall impression, but we also talked about two specific cases—not the one that you referred to—where there were significant impacts as a result of HS2 on businesses. We talked about how we could resolve those cases. He had, very helpfully for us, taken an independent view about what might be appropriate resolution or remediation in those two cases. If I could find out what the one specific



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case is before 2 o'clock this afternoon, then I can talk to him about whether that is a case he is familiar with.

There are more reports from Sir Mark Worthington, because we have been going somewhat longer. Again, we meet every six months and talk about what we should do further to improve.

The question whether they have sufficient powers is clearly one for Ministers. Forgive me, but I don't know whether you asked the Rail Minister that when he was before you in December. They are not ombudspersons who have decision-making powers and can award in the same way as a number of different ombudsmen that exist. If the Government wanted to do that, then we would be able to manage that, but it is not my decision. That is for Ministers.

**Q403 Greg Smith:** I have two relatively quick questions to finish. When the Committee visited my constituency last year, I asked Mr Thurston in the evidence session how many people in the organisation understood farming. I asked that question through the lens of a farm where HS2 Ltd had taken a number of fields next to fields still being used in food production, but the activities that were put on the fields taken caused the fields still in the farm to flood. Mr Thurston couldn't answer that question, by the way. Can you update us on how many people in your organisation actively understand agriculture and farming practices so that, where you are adjoining active land used in food production, you do not take steps that impact the rest of the farm?

**Sir Jon Thompson:** I cannot answer how many, but I can tell you what I have done since you raised that issue, which is to clarify who exactly is the lead in relation to farming and agricultural matters. We have appointed a person who is at the executive committee minus one, as it were—so it is still a relatively senior post—whose deep expertise is in agriculture and farming, and we consult that individual wherever possible to make sure that we get the best advice we can on the impact of HS2's programme on farming and farmers, and on agriculture in general. That has been a helpful additional voice in the considerations about what we are doing. I think that has taken us forward. Does that mean that we fully understand everything there is to know about farming? No, but at least I now know that there is a lead. We have appointed a lead and we have taken some action in relation to your questions.

**Q404 Greg Smith:** Okay, thank you. My last question is in relation to roads. Yes, we have had very bad weather the last few winters and that has been a factor, but for the vast majority of phase 1 construction, whether in Buckinghamshire, Oxfordshire, Northamptonshire or Warwickshire, there have been hundreds of thousands of additional HGV movements on roads that were never built to take that sort of weight—often tracks that have developed as roads over the years—and they have understandably crumbled under that weight. Were they perfect to start with? No, but the number of movements has completely destroyed them. What steps are you taking to speedily rectify the increasingly dangerous road conditions across the communities in which your HGVs have travelled?





**Sir Jon Thompson:** There are four ways in which the relevant local authority can be compensated. If I take your local authority, Buckinghamshire, for example, we have agreed with the council an annual deterioration fund; we are putting significant funding—£3.95 million—into road safety; there is a highways damage claim process, which paid out a further £1 million last year; and there is an outstanding commitment that, at the end of construction, we will go back to the local authority and compensate it further for any other damage that can be attributed to HS2. So there are four different ways of funding. That seems to me to be a reasonable amount of money flowing towards relevant local authorities. Is that sufficient to rectify everything? I can't give you an assessment of that, but we are not ignoring the problem and there are four different ways it can be funded.

Q405 **Greg Smith:** If I may briefly come back on that, the amount offered to Buckinghamshire Council so far is £93,000. That barely does 5 metres of road resurfacing. As it stands, the council is spending in excess of £100 million just to fix potholes across the county. East West Rail, as the other railway being built in Buckinghamshire through to Milton Keynes, has agreed to fully resurface 18 roads in the county that they have broken. Residents—not just in Buckinghamshire but in Warwickshire, Oxfordshire and Northamptonshire—are rightly looking for a similar level of service to fix that which has been broken.

I accept you are not going to give a yes or no to that right now, but can you give a commitment that you will go back and look at the meetings that have taken place, the read-outs from those, and the letters from Martin Tett, the leader of Buckinghamshire Council, to your predecessors, to HS2 Ltd and to the Department for Transport, to try to find a better solution to this? East West Rail has led the way and people are looking to HS2 to do the same.

**Sir Jon Thompson:** You are rightly picking out the deterioration fund. I do not know how somebody agreed to £93,000 a year, but that was the deterioration fund—and it was times five. As I said, my understanding is that Buckinghamshire County Council has been offered £3.95 million for road safety and £1 million for highways damage, and—to reiterate—at the end to be fully compensated for whatever damage has occurred. There seems to be little point right now in resurfacing roads that lorries are going to drive over, which is why that is at the end.

Q406 **Greg Smith:** But the point is—and this will be the last time I come back on this—that the roads are dangerous now. They are like a mogul run on a ski slope, or the surface of Mars. They are clearly dangerous. People's cars are being damaged on a daily basis.

A high number of emails in my inbox are from people who have hit them and blown a tyre, damaged a rim or shot their suspension. It is not once in a blue moon; it is daily—multiples. The roads are dangerous now, not just in my constituency but across the whole of phase 1. Can I reiterate the urgency and ask you to commit to looking at this problem—at what can be done now, as well as at the end of the process?



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**Sir Jon Thompson:** I am happy to commit to looking at it, without providing any promises.

**Greg Smith:** Okay, thank you.

Q407 **Chair:** Before I turn to Mick, can I just ask for clarity? In your opening comments, you gave a figure for the current projected cost of phase 1. I want to check that I noted it down correctly. I have between £49 billion and £56.5 billion at 2019 prices. Is that correct?

**Sir Jon Thompson:** Yes. That's the extensive—yes. I can explain significantly more than that, but that is our estimate of phase 1 at 2019 prices, before inflation.

Q408 **Chair:** What does inflation do to that, given that construction inflation runs ahead of headline inflation?

**Sir Jon Thompson:** Construction inflation over the past three years has been 27%. For example, steel has risen by 47%, rebar 53%, concrete 48% and so on. If you brought our estimate of 2019 prices up to 2023-24 prices, you would be adding somewhere between £8 billion and £10 billion to that.

Q409 **Chair:** So we are looking in the region of £60 billion to £65 billion for phase 1, as we sit today.

**Sir Jon Thompson:** At current prices. It is the Government's long-standing policy that infrastructure estimates are updated only at spending review points. That is my understanding of it. That is why we are still working to 2019 prices. The whole conversation about 2019 is, to be frank, an administrative burden of some significance in the organisation. All the invoices we get, we then have to deflate backwards to 2019 prices, even though we are paying them at 2024 prices, and then we have to adjust the accounts to account for that. It is a significant administrative fuff, to be frank. I am happy to explain why we are higher than the figure the Government quoted in "Network North" if you want me to.

**Chair:** We want to come on to some questions about the cost, so I will hand over to Mick at this point.

Q410 **Mick Whitley:** Good morning, Sir Jon. Who, in your view, bears responsibility for the costs of HS2 escalating to a level that came to be considered as unaffordable by the Government?

**Sir Jon Thompson:** There are four reasons why the cost is more than what has been budgeted for. The first is that the cost estimate in the first place and the budget that was set in the first place were too low, in my opinion. I am happy to explain why that is. Secondly, there have been some changes to scope. Thirdly, there definitely has been some poor delivery on our point. And fourthly there's inflation, in line with Mr Stewart's questions. If you would like me to expand on that a little further, I am happy to.

**Mick Whitley:** Yes, if you would.



**Sir Jon Thompson:** The essential problem—this is a systemic problem; it is not just about HS2 but is about large projects that the Government fund—is that the budget needs to be set early on in order for an outline business case to be approved by the Government, and sometimes by Parliament. At that point people think, “Okay, the original estimate for phase 1 was £30 billion or something.” That is based on very, very immature data. You don’t have a design. You haven’t procured anything. There is no detail on which you can cost anything. For the accountants—obviously I am one—you have a rough order of magnitude. This is not to patronise anyone in any way, but if you say to a builder, “Can you give me a quote for an extension?”, they will walk round and say, “It’s £50,000 or so”, but then you get into the detailed design and you know exactly how big it is, what surfaces you want and how much concrete needs to be poured, and, unsurprisingly, you get a better number. That is the situation here. The situation with HS2 is, in my opinion, that the estimate was poor, the budget was set too early and then, when you get further into it, you get much better information. Then, on that basis, you can cost it out with more accuracy, and then you discover it’s higher.

Maybe I could use Euston as an example. In Euston’s case, there is a Royal Institute of British Architects process. It goes from an outline design and you go through a number of different stages. It’s not until you get to RIBA 3—the third level of design—that you actually get to how much concrete is needed, how much steel, how much glass and so on. You can then create a model that you can put actual prices against, and that gives you a much, much more accurate estimate of the cost of building Euston. It wasn’t until we got to the RIBA 3 design level—a very detailed design, with 3D modelling and all the necessary volumes in it—that we estimated that Euston would cost £4.8 billion, including risk. And then the Government said, “Well, that’s too much. We can’t afford that. It’s much more than the original estimate for Euston.” We said, “Yes, we know it is, but the original estimate was set on a very immature set of data. This is a detailed set of data.” It is matured through the design process. That is a big issue in relation to HS2.

It is worth remembering that between 2010, when the then Prime Minister, Gordon Brown, initially launched HS2, and 2019, when the current budget was set, the scope of HS2 was changed significantly by a whole series of Ministers. Much more of it was put through tunnels, which cost a lot more than putting it through cuttings, for example. There have been a whole series of scope changes. Yes, it is true we have not delivered in the way we said we would do. The big issue there is on the main work civils contracts. That is an issue that I guess you will want to talk about a bit more. And then there is inflation, which has been extraordinary over the last three years. Those are the four drivers.

Q411 **Mick Whitley:** In your view, then, the issue is bad estimates.

**Sir Jon Thompson:** That is definitely one of the factors. The HS2 board sat in the autumn of this year and did an extensive set of analysis about what had changed since 2019, when what was called baseline 7 was drawn up. Baseline 7 was the last official estimate by the Government, at



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2019 prices, and it was in the spending review at that point. The board agrees that it is poor cost estimating and budget setting, scope changes, poor delivery, and inflation.

There are other factors of a lesser degree. It has been a hostile operating environment—I think that is the way the board would describe it. Covid clearly had some additional costs; there was £500 million to £600 million because of covid.

Thirdly, there is the matter of stakeholders—you will have seen Mr Smith's questions; some stakeholders have been pretty hostile to the idea that HS2 should go through in particular areas. Getting consent has been a really significant issue in some particular cases. There is supposed to be a 56-day turnaround for planning consent. I think the longest we have waited for planning consent and had it turned down is two years, and then we have had to go through a planning appeals process to be able to do something. Obviously, you are burning time and money while you are trying to get through the planning process, but that is the very nature of the way in which the UK is set up.

Lastly, to be frank about it—the current year is a really good example of this—the Government themselves have sometimes said, “We can't really afford to fund a schedule; we'll need you to go slower because we can't really afford it in cashflow terms.” If we go slower and something has to take place in two or three years' time, it costs more than it does now. There are really seven key drivers, but those last three—the hostile environment, stakeholders giving consent and the Government's decisions on cashflow—are of a lesser import than the other four.

**Q412 Mick Whitley:** Just one last question if I may, Chair. If a project of this magnitude was done again or replicated, how would you envisage that happening? I know it is a big question, but how would you go about it again? Would there be a clean-sheet approach?

**Sir Jon Thompson:** I personally would not quote how much it is going to cost too early and then get fixated on it, because you don't have the costs initially when you begin to design something out. The hybrid Bill currently going through Parliament on phase 2b from Crewe to Manchester, which is going to be on pause, I guess, is using a line of route and rough order of magnitude costs. When you get to the end of that—let's assume that Bill did go through—there will be a financial envelope attached to that Act, whatever it happens to be, but that number will be very immature in my opinion. It would be much more sensible if the Government said, “It's going to be between x and y,” because there is fundamental uncertainty between exactly what you are going to have to do when you get down on to the ground—exactly what the design looks like, what station you want to build at Piccadilly and so on and so forth—and you don't have mature data.

Since I took over, we have taken to giving the Government information that is colour coded on the finances. If I say to you, “It's going to cost you £1 billion,” and it's green, that estimate is very good. We use a scale all



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the way through to red where we say, "It's going to be between £1 billion and £1.5 billion." Even that is red because we are using rough order of magnitude costs—I don't have the detailed data. If I were starting this project again or the Government were contemplating another project this big, I would use ranges to start with before hardening them up.

Secondly, there are issues between the schedule and how much the Government can afford. When you are doing a programme on this scale, clearly it ramps up and reaches a peak, and then it slows down. The Government budgeting system prefers a sort of flat line of cash, whereas programmes peak and trough. There is a way around that, which is to say, "We will build a programme and allocate £7 billion a year to it until it is finished," and you make the schedule subsidiary to the finance. But traditionally, programme management is done the other way round; the programme and the schedule drive the finance. So there are definitely two lessons that I personally think could be learned for anyone contemplating doing this in the future.

**Mick Whitley:** Thanks, Sir Jon.

Q413 **Grahame Morris:** Good morning, Sir Jon. I have some specific questions arising from our visit to Curzon Street. It was very informative and you have covered some of the ground already. We met with parish and local councillors who raised some of the planning issues that you mentioned earlier.

In your opening remarks, you talked about capacity. You said you hoped someone might come back to that, so I thought that would be my cue to ask some questions about it. Capacity has been the key driver, hasn't it? The whole concept of HS2 is about capacity. I served on the HS2 hybrid Bill Committee. Could you explain to the Committee what is meant by capacity? Are we talking about seat capacity?

The reason I am asking is that we know that the HS2 line isn't going to be built north of Birmingham, despite all the hours that we spent on the hybrid Bill Committee taking representations and petitions, and looking at the route variations and so on, but HS2 trains are going to run through to Manchester. My understanding is that there will be an impact on capacity, because the original plan was that those trains would be 400 metres long and now they will be 200 metres long. Also, because the HS2 trains cannot tilt, unlike the Pendolinos, they cannot go as fast on that stretch of line. What can we conclude about the impact of the decision? It is a political decision, not yours—I am just asking a factual question. What impact will that have on seat capacity on the west coast main line and services to Manchester?

**Sir Jon Thompson:** You have almost answered your own question.

**Grahame Morris:** I know the answer; I just want you to tell me.

**Sir Jon Thompson:** Let me try to go back through it. Capacity is both the number of trains and the number of seats. The reason for differentiation



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between the two is that not all trains are passenger trains; the west coast main line includes freight trains.

Capacity is the number of trains and/or number of seats. As a result of Network North, there are a number of scenarios in which the number of seats between London and Manchester could go down. Prior to Network North, HS2 was going to go from London to Manchester, and there would have been an extension to Crewe station and a new station at Manchester Piccadilly. Those were required, as they are between London and Curzon Street, because the HS2 train is 400 metres long, which means that it does not fit in Crewe station or in Manchester Piccadilly; in fact, I think it sticks out of Manchester Piccadilly station by something like 150 metres.

We have therefore assumed that we would not run a 400-metre train to Manchester Piccadilly. We would have to configure the train at 250 metres long, which is roughly the same length as the Pendolino. It would have fewer seats than a Pendolino does, so, in that scenario, there would be fewer seats on the route from London to Manchester. In other words, the capacity could go down.

I cannot be absolutely definitive about that because it may be that somebody has a fantastic plan to resolve it, but I am not aware of it. In the current scenario, therefore, unless you extend Piccadilly station or you do something at Crewe as well, my understanding is that there would be a reduction in the number of seats from London to Manchester.

**Q414 Grahame Morris:** That is not your fault. I am just asking you to clarify the consequences of a political decision; I am not criticising you. I just want that on the record: seat capacity will go down with this decision.

We had some very interesting evidence from Mr Gould and Mr Parkin when the Committee held its session in Birmingham, and I went to see the Pendolino trains being constructed at Alstom quite recently with a colleague. They talked at length about the speed of trains, particularly on the section from Curzon Street to Manchester. The Pendolino trains run by Avanti can go faster than the HS2 trains that will run on that line to Manchester, because they are able to tilt into the bends. Is it fair to assume not only that we will have less seat capacity but that the journey times will be slower because the HS2 trains running on that stretch cannot go as fast as the Pendolino trains because they cannot tilt?

**Sir Jon Thompson:** Between Birmingham and Manchester, correct. The HS2 train will go straight at the same speed as the Pendolino train—125 mph—and round the bends it will go slower, at 115 mph. So an HS2 train from Birmingham to Manchester, which would be almost entirely the west coast main line, would be slower than the Pendolino.

**Q415 Grahame Morris:** Thanks for clarifying that. Can I return to our visit to Curzon Street? I thank your staff for facilitating our visit, which was very informative. We saw how advanced the works are at Curzon Street, particularly on the construction of the viaducts for the railway line coming into the station and so on. The engineering works and the skills involved



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there were very impressive. There has been some criticism that the specifications are overly exacting and that that has contributed to the cost overrun. Do you think that is a reasonable criticism, or is that not a fair comment?

**Sir Jon Thompson:** I don't know who is making that criticism, but no, I would not agree with it. I would say that Curzon—no, go on. Keep asking me questions.

Q416 **Grahame Morris:** Okay. On the overall cost of the project, the original plan for Curzon Street was modified, wasn't it? There was a change in the original design.

**Sir Jon Thompson:** Yes.

Q417 **Grahame Morris:** In terms of bearing down on costs and trying to learn lessons, are there any things that you can point to that were not done originally that would help to reduce the costs if you were running the project now—changes to specification, for example?

**Sir Jon Thompson:** Some of the answers to your questions are the same as the answer to Mr Whitley's question. The Government process for setting budgets fixates much too early on how much things are going to cost. The number then gets set in stone, even though the best you've got is a rough order of magnitude. Everyone says, "Oh, the cost has ballooned." That is a word that is used, right? There are two reasons why it costs more to do HS2—or indeed any of the stations—now than it did in 2010. One is inflation, as per Mr Stewart's question, over a very long period of time. The second is that the design is immature when people fixate on a number, and then they say, "It's going to cost more than the budget." Well, okay, but there are significant issues with the budget and the cost setting in the first place. People should keep to a range.

Are there still lessons to be learned about cost control, though? Yes, there are. The Government and the company decided to let cost-plus contracts, where 99% of the financial risk is with the Government and only 1% is with the contractor, which is extraordinary. That was well before my time, but my understanding is that it was done in order to get these contracts away because they were so huge. This is the civil engineering contracts, not the station contracts. So there are definitely lessons to be learned about what form of contract you are going to let on major infrastructure projects. If you are basically going to say, "You'll get a fee of 10% irrespective of how much it costs," you are almost incentivising somebody to go over the budget, because they will now get 9% of a much larger number, for example. I could go into that.

For Curzon Street specifically, the obvious question that arose in the back half of last year was, in the light of Network North, do you need a seven-platform station? We could probably get away with a station that was only three platforms. Ministers have made the decision to proceed with the seven-platform station at Curzon Street because it provides optionality for the future, and for west midlands rail in general. My understanding is that it would not take much of a change of additional rail from the south/south-



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west of Birmingham to be able to connect Curzon Street into the line that goes south/south-west, in which case you could get more local trains into Curzon Street. That is a decision for Ministers to take at some point in the future. But Ministers decided not to redesign, go back through planning and so on, but to proceed on with Curzon Street as previously designed.

**Grahame Morris:** With seven platforms, yes.

Q418 **Jack Brereton:** You mentioned some of the issues around data. One of them was the lack of studies of the ground conditions. Do you think much more should have been done to understand the ground conditions and some of the environmental conditions before setting in stone the line of route?

**Sir Jon Thompson:** To be blunt, yes. There were two significant learnings between phase 1 and phase 2, and that is definitely one of them: more boreholes, more geological studies and so on. To Mr Morris's point on contracts, the plan for phase 2a—from Birmingham to Crewe—was to allow for significantly smaller civil engineering contracts, which are much more easily managed, measured, controlled and so on than multibillion-pound contracts, to break it up much more. Then the company would take on the integration risk. Those are two of the main findings or lessons to be learned from phase 1 to phase 2.

Q419 **Jack Brereton:** And that is one of the key reasons for the escalation in cost, isn't it?

**Sir Jon Thompson:** Possibly. It is difficult to say exactly. It will definitely be an issue in terms of clearing up phase 2a and restoring it, because we have sunk 1,800 boreholes on that, which is more than we would have done on phase 1. Therefore, restoring them before we can sell the land is, perversely, going to be more of a challenge.

Q420 **Jack Brereton:** But on phase 1 particularly, if the material that you are dealing with in terms of the ground conditions is not at a suitable grade to be reused within the project for other construction, that will clearly mean that much more material has to be brought onsite and taken offsite, which significantly enhances the cost.

**Sir Jon Thompson:** It is definitely a cost driver. I don't think you could say that, as a result of that, it is x% of the cost. To your point, though, the nature of the material that you are tunnelling through can also impact the speed of tunnelling. The slower you go, the more it costs to get from one end to the other, because essentially it is a day rate. You can say, "On average, I want to be able to tunnel 13 metres a day," but it can be as low as three and as high as 18. Again, to your point, that is about the geological conditions that you are going through.

Q421 **Gavin Newlands:** To follow up briefly on my colleague's questions about the Pendolino and tilting trains, you mentioned that the time between Manchester and Birmingham will increase because of the speed around the bends and the lack of tilt in the HS2 trains. Clearly, for those passengers on the west coast main line north of Manchester, that disbenefit grows.





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What is your understanding of the potential growth in journey time between Glasgow and London from using HS2 rolling stock?

**Sir Jon Thompson:** My recollection of the evidence that was given to the Public Accounts Committee, which I also gave evidence to and which Mr Smith and I both attended, is that there is no service between London and Glasgow through Manchester. You go up the east coast main line.

**Gavin Newlands:** There are services.

**Sir Jon Thompson:** There is no direct service.

Q422 **Gavin Newlands:** At the moment that is the case, but this Committee has heard evidence that there will be an increase in journey time between London and Glasgow as a result of this. That has been challenged by other parties, but at the moment there is a range for the increase in journey time of between five minutes and 24 minutes. Are you not aware of that increase in journey time between Glasgow and London?

**Sir Jon Thompson:** I have not seen that simulation. The only simulation I have seen is that London to Birmingham will clearly be quicker, because you will be on HS2. If you want to go from London to Manchester, it will still be quicker, even though the second half will be slower than the Pendolino. I have not seen any information in relation to further north than that, I'm sorry.

Q423 **Gavin Newlands:** Okay. Perhaps you could have a look into it and come back to the Committee if you have anything on HS2. Given the cancellation of phase 2 and the issues surrounding the speed of the trains between Birmingham and Manchester, has there been any discussion whatsoever with regard to the procurement of the rolling stock for HS2 and whether any changes are required?

**Sir Jon Thompson:** Yes, there have been discussions. Let me just go back. Mr Stewart asked me about the key areas in which we were being asked for advice from the Department, and we started with Handsacre junction and the west coast main line. We have been asked about our view on the impact on rolling stock. Our advice to the Department—this is for Ministers to consider—is not to change the contract on rolling stock. That is for a range of reasons, but primarily because whichever party opens an existing contract is generally the one that loses significantly. Therefore, it is our advice to not reopen the rolling stock contract.

Q424 **Gavin Newlands:** I understand the likely disbenefit in terms of cost, potentially timing and so on, but as a result of that, the benefits of high-speed rail will not be felt as keenly north of Birmingham as they are from Birmingham. Would that be fair to say?

**Sir Jon Thompson:** Agreed.

Q425 **Gavin Newlands:** You mentioned earlier in an answer about costs that there have been many changes and many increases to costs, including the increase in tunnelling as opposed to cutting. Do you have a figure for the increase in costs due to tunnelling compared with initial estimates?



**Sir Jon Thompson:** I cannot tell you what that has added to the bill, but I can tell you how much more expensive it is. Let's use building a new embankment or a cutting as the base case. If you bore a tunnel, it is twice as expensive as making a cutting or an embankment. If you put in a so-called green tunnel, which is where you do the cutting, then put concrete in, which essentially creates a tunnel, and then you fill the earth on top of it, that is three times more expensive than a traditional embankment or a cutting. Viaducts are about double the cost of an embankment. If you ever have to mine a tunnel, which you should never try to do, that is 22 times more than trying to do an embankment or a cutting.

Between the original launch in 2010 and 2019, there were a series of political decisions made to put more into tunnels than cuttings. On phase 1, there are now 44 miles of tunnels. I'm sorry, but I can't tell you what the original number was. It is so far back in history that I couldn't tell you, but I can tell you that putting in a tunnel is double the cost of a cutting.

Q426 **Gavin Newlands:** Moving on to other elements of cost, in the six-monthly report that came out just a couple of months ago, in November, there was a discrepancy noted—I think you have already addressed some of this with the Public Accounts Committee—between HS2's costings and the Department's expectations. Why has this only arisen in the last six months?

**Sir Jon Thompson:** I can't answer for the Department—you presumably asked these questions—but what I can say is that I believe that our estimate of £49 billion to £56.6 billion is extremely good. Over a period of six months last year, up until around October, there were more than 50 different meetings held to go through individual elements of the cost estimate. All those meetings were attended by the Department or the senior responsible officer, Mr Over, or KPMG on behalf of the Department—sometimes all three. There are literally hundreds of pages of analysis and thousands of person hours to come to those estimates. I think that estimate is very robust. It is for the Department and the Government to decide what they want to use that data for, but I do not believe that phase 1 could be delivered for £45 billion, which was the number quoted in "Network North".

Q427 **Gavin Newlands:** Although at the moment you are sticking to your guns, clearly the comments from the Minister will set out a number of challenges to HS2. From your point of view, you have not sat down and looked again at all your figures. You have not been able to close the gap in any way between yourself and the Government on this.

**Sir Jon Thompson:** No, because there does not seem much point anymore, does there, given the change to the scope? What we are now working our way through with the Department is getting real clarity on the scope question first. Exactly what, if anything, do you want the company to do in relation to Euston? Do you want to change the rolling stock? Do you want to have a smaller Old Oak Common? Who is going to do the tunnelling from Old Oak Common to Euston? Do you want to still build a



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2a eastern stub or not? And do you want to change Curzon Street? I think those are the six main variables.

Once the Government have worked their way through that detail—which is not Network North but the consequential of Network North—I will know what the scope is, and then I can revisit the estimate. However, at this point, until you have the scope question clear, there is not much point in doing much further work on the estimate. The estimate will clearly come down from that £49 billion to £56.6 billion, because you have taken Euston out. I doubt whether it will come down by anything like the number that was quoted in “Network North”, but we will see.

**Q428 Gavin Newlands:** The project has obviously come under a lot of criticism over a number of years—some of it fair and some of it perhaps unfair—for the differences in scope, and over design, construction and inflation, but even taking all that away, the costs have ramped up significantly. There is clearly a question around the controls of that. You joined the board in 2021, I think, and you have been the chair for just under a year now. When you first joined HS2, what assessment did you make of the quality and transparency of cost and timescale information that was made available to you on the board, and then to Ministers?

**Sir Jon Thompson:** I joined at roughly the same time as Ian King, who is the lead non-executive director for the Department for Transport and was made a non-executive director of HS2. I think I was slightly surprised at the lack of data and scrutiny of the finances of the programme. To Mr Brereton’s questions, you need quality data; you need to know what the plan is, and quality data to measure against the plan, so that you can understand productivity, efficiency and so on. It was my view from the off—and I think Mr King’s too—that the quality of management information that was being presented to the board was not sufficiently robust for us to say, “On this section of the track, the main work’s civil contractor appears to be going slowly,” or “They’re not meeting the productivity targets,” or whatever.

It has taken considerable time to get us to the point where we have significantly better management information, and measures of what people are trying to achieve for us and how it is being performed. To be transparent with you, we only really reached that point in October of last year, as a result of pushing from the non-executive directors and a new finance director, and we brought in a third party to try to help us—including the IPA, the element of the Treasury and the Cabinet Office. That combination produced a significantly improved management information pack, and we can now measure that. It is a bit of a shocking thing to say, but up to that point, I do not think that the quality of management information and reporting to the board was good enough.

**Q429 Gavin Newlands:** Lastly from me, in terms of the internal audit cost-management process, at board level, how quickly are you getting feedback from those running the project and dealing with contractors directly? How quickly are you getting information on even potential—rather than actual—increased costs? And how quickly you are then able to



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inform the Government or Ministers of those potential changes?

**Sir Jon Thompson:** The long-standing arrangement was that it was quarterly, and in October, when I became executive chair, I changed it to monthly, so I can now produce a monthly report, which goes to the Department Ministers and the Treasury, that says, "Here's exactly where we are; this is what is changing to the cost estimate." We can also do schedule estimates, schedule risk, financial risk and so on. We are in a much stronger place than we were, but it has taken somewhat of a journey to get there. I will be transparent with you: I am a double-qualified accountant; I like the data, and it was kind of unsatisfactory, to be honest. We have taken some time to get there, but as I said, with a combination of a new board, some new non-executives, a new finance director, and me in the chair, we have now, I think, got there. Those who read it say that it is in a much stronger place, but now we are into a continuous improvement cycle.

Q430 **Chair:** I want to ask a couple of questions about governance and management changes that you might want to make. First, can I ask a follow-up on your comment about your advice not being to reopen the rolling stock contract? I understand that that potentially encourages additional cost, but can you say a little bit more about the other factors that have led you to that conclusion, given that the massive change to the HS2 project raises significant questions about the optimal rolling stock to have? It's a lot of detailed information, so perhaps write to us, but I would be very interested in your rationale for reaching that conclusion.

**Sir Jon Thompson:** I would prefer to write, if that's okay. To be transparent with you, we are in the middle of trying to make that decision. We have given our advice to Ministers. We are not the only people who are giving advice. Network Rail is clearly giving advice. The West Coast Partnership is giving some advice. Civil servants will have to weave all that together to advise Ministers. That might be our rationale, but that might not be the decision that is taken by Ministers. While we are in that live decision-making process I would prefer to write.

Q431 **Chair:** That would be fine. I am not saying what the right or wrong outcome is, but our job will be to scrutinise that decision when it is made.

Returning to the governance and management of HS2 Ltd, you have referenced new personnel coming on board, but are you looking to make any changes to the management and corporate governance structures, including your own position? Are you staying on as executive chair for the foreseeable future, or is there a recruitment process for a new chief executive?

**Sir Jon Thompson:** Gosh, I hope I am not staying on for the foreseeable future—the immediate future, yes. I'll deal with where we are with the chief executive, and then I will come back to the team. On where we are with the chief executive, a job specification has been written. We have hired the headhunters. The only outstanding decision from Ministers is what salary to pay. We are ready to go and recruit a new chief executive.



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The headhunter is very positive that we can. We just need to get a decision about salary.

I have recommended to Ministers a much more incentivised contract. You can earn a significant bonus both annually and over a longer term if you can meet the necessary financial and schedule targets. There are billions of pounds to be saved in meeting those targets, so I believe a more incentivised contract is the right thing to do. We are just waiting on that decision. Once that decision has been made, we will be able to advertise and recruit fairly quickly.

**Q432 Chair:** I used to be a headhunter in a former life, so I know the process. If you can look ahead, when would a new chief executive be in place?

**Sir Jon Thompson:** I would really like it to be in the late spring because being both the chair and the chief executive is, as you can imagine, a little taxing. Trying to do two jobs is interesting. In terms of the team, we have implemented a new management structure from 1 January. That has three changes. First of all, we have taken what was a post covering both railway systems and stations and split that into two, most notably because we are now getting well through the tendering process for railway systems. We feel that needs dedicated leadership, so we split that role into two.

As a result of Network North, there was a 2a managing director and a 2b, and we have merged those with immediate effect. In due course, that post will be deleted as and when we are out of 2a. We have implemented and appointed a chief railway officer, and her role is to integrate everything that we are doing together so that it works. A key learning from Crossrail was: it is all very well building infrastructure and laying down track, signals, power and so on, but you actually need someone who can integrate all of those together, so that the train can run safely. So we have appointed a chief railway officer, and her role is to integrate all of that together. That will give her significant power and authority across the whole of the organisation, because she will be able to say, "It's really interesting that you are building that infrastructure over there, but it needs to work with that station over there, and it needs to work with this catenary system or that power system and so on." Those are three changes we have made from 1 January, and there will be some further minor changes in due course.

**Q433 Chair:** Thank you. Just one last question from me. These all sound like sensible changes. Why haven't they been made before?

**Sir Jon Thompson:** That's a cracking question. I can't really answer that. To be fair to Mr Thurston, the changes to the management are mostly driven by where the programme is. They are about the programme cycle, as I was trying to explain to Mr Whitley. Once you get over the peak of civil engineering and you begin to think about railway systems, you need a different sort of leadership, so Mr Thurston would have implemented some of these changes if he had still been here, but I have driven them on and we have put them in place. That is all I can say.

**Chair:** Before I hand back to Jack, Fabian, do you have any



supplementaries on the governance?

Q434 **Fabian Hamilton:** Yes, I wouldn't mind, if that is okay, Chair. My apologies for being late. My apologies to you, too, Sir Jon. Following on from what the Chair said, you told the Public Accounts Committee about the changes that HS2 Ltd is implementing to keep costs under stricter control—for example, streamlining executive governance to focus on cost and deliverables. Again, why weren't these changes implemented a lot earlier? I know you probably weren't there at the time, but I wonder whether you gleaned that from when you took over.

**Sir Jon Thompson:** It's a great question. It is quite difficult to answer. I was a non-executive director on the board, but that is very different from being the chair or chief executive—I am obviously both at the minute. My general history, if you know anything about my career, is that I have been brought in by the Government into slightly challenging situations and told to reform organisations—the Ministry of Defence, HMRC, the Financial Reporting Council and so on. My view, being chair and chief executive, was that we needed some analysis of how well run the organisation was across five different areas. I can talk to you about those five areas if you want. The conclusion was that there were a number of areas where we needed to improve the way we ran ourselves—this relates to Mr Brereton's question—including management information, the way governance works, the way we make decisions, who is accountable, and who is the controlling mind, which led to the idea of the chief railway officer and so on.

We have had a short sprint at the improvements we need to make, and we have begun to implement those improvements. That is the pattern of my career. Different executive leadership made different decisions.

Q435 **Fabian Hamilton:** Obviously, you have promised tighter oversight of costs, and changes to governance, which you have talked about, but these have been tried before, notably after the Oakervee review. Why weren't they effective then, and why will they be effective now?

**Sir Jon Thompson:** What I have said to Ministers is that, even though I am now saying we have moved off a point number estimate for the cost of phase 1 into a range, I still can't give any guarantees that the cost won't continue to rise. If you are going to let cost plus contracts and you can't change the basic fundamentals of those contractual arrangements, there are still incentives for the contractors to spend more money. Now, we are going to attempt to renegotiate those contracts, as I said to the Public Accounts Committee, but I can't guarantee that we will be able to get the cost down, which is what people would really like. I can't guarantee that at all.

Q436 **Fabian Hamilton:** Talking of costs, Sir Jon, the cost of tunnelling from Old Oak Common to Euston was excluded by the Prime Minister in his statement on 4 October. Forgive me if this has already been asked; if it has, I won't continue. He announced that, like the new six-platform station at Euston, the tunnelling should be funded by private investment. Do you have any idea at this stage of what the cost of those 7 km of tunnels will



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be? Can you report on any progress yet made on either of those private funding initiatives?

**Sir Jon Thompson:** We are not responsible for Euston station any more. It is for the Department to work with the Treasury and the Department for Levelling Up, Housing and Communities. The three Departments are running that. There is an aspiration to create a development corporation. It is not yet in existence because it takes approximately 18 months to create a development corporation. The Department is working its way through various ways in which you could privately finance some or all of Euston and some or all of the tunnelling. That is for the Department to decide.

We have become a party that specifies the station that it wants—six platforms, in this requirement—and then it is unclear whether we will build it or somebody else will build it. There is a lot of uncertainty about who is going to be responsible for what. We are party to the steering board and all of the various conversations, but there are 25 different parties in that.

The Government is working its way through private funding options, of which there are a number, but that is not my responsibility, so I cannot answer any questions on that.

**Q437 Fabian Hamilton:** Sir Jon, at a Euston community engagement meeting on 28 November 2023, HS2 Ltd's Euston area client director, Andy Swift, stated, "HS2 is still in the driving seat. We have funding for the next 18 months". Is that the case?

**Sir Jon Thompson:** We have funding for the next 18 months for essentially keeping it safe, and for what is called no-regrets work, which is work that we can carry out irrespective of what is built and who is responsible. We have £163 million in the current financial year and £60 million for next year, and £144 million of the current year's will be spent with Mace on doing this no-regrets work. We need to be clear—I think events have overtaken Mr Swift's statement—that we are not the driving force behind Euston station anymore.

**Q438 Jack Brereton:** On your additional role as executive chair, my understanding is that your previous remuneration was £200,000 for two days a week. I hope you don't mind me asking this, but there is a public interest: are you taking on additional days for this additional role, and are you receiving additional remuneration for that?

**Sir Jon Thompson:** Yes. My previous remuneration was £280,000 for a three-day week. I am now working full time for £530,000 a year. Mr Thurston was on £660,000, I think.

**Q439 Jack Brereton:** Okay, thank you for that information. The next question I want to ask is about road safety audits. As you know, the Chair of this Committee wrote to you with some serious questions about providing documentary evidence of whether HS2 Ltd had followed the proper process for road safety audits, with particular reference to Yarnfield Lane in Staffordshire. The response that we received from you took over a



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month longer than we wanted, and did not provide any of the documentary evidence that we requested. We set out a number of specific asks in that letter, as well as particular documents that we would like to be provided, but those have not been released by HS2 Ltd. Will you commit to releasing the documents that we have asked for, to prove that the road safety audit process has been properly followed by HS2 Ltd?

**Sir Jon Thompson:** What would be the purpose of that, given that it is not happening anymore as the Prime Minister cancelled it?

Q440 **Jack Brereton:** Because there are concerns that HS2 Ltd, not only in this example but in a number of examples—not just in phase 2, but phase 1—did not follow the proper road safety audit process. When we went on a Committee visit to Buckinghamshire, we learned of an example of a road where that has not been properly carried out and there are safety concerns. When the highway authority came to adopt the road, further changes had to be made to ensure that the road and overbridge were safe. There are concerns not just about Yarnfield Lane, but in other parts of the country, where the process has not been followed properly. There are concerns that the overseeing organisation that should be taking on that role has been taken on directly by HS2. Do you accept that that process has not been properly followed by HS2 Ltd?

**Sir Jon Thompson:** No.

Q441 **Jack Brereton:** Will you release the documents that we have requested?

**Sir Jon Thompson:** I will have a look at it.

You say there are concerns. Do those concerns come from the relevant local transport authority in this case, Staffordshire County Council, or do they come from other parties?

Q442 **Jack Brereton:** The concerns are that the county council should be the overseeing organisation for safety audits of roads within its network. It should not be HS2 Ltd that performs the overseeing organisation role. That is what UK technical standards clearly set out. Do you understand that it should be the county council or, in the case of the strategic network, National Highways undertaking that role?

**Sir Jon Thompson:** My understanding, from my letter of 23 November—I apologise if that was too slow—was that we had provided the necessary documentation to Staffordshire County Council. If you want me to go and have another look at that, I am happy to commit to having another look at it, but my understanding was that we had provided everything we needed to provide to the relevant local transport authority under the relevant legislation, and it is for it to make a decision.

Q443 **Jack Brereton:** What we would like you to do is provide evidence that that process has been properly followed.

**Sir Jon Thompson:** I will have another look at it.

Q444 **Jack Brereton:** Thank you. I want to ask a few questions about phase 2, and particularly about 2a and some of the compounds. Obviously a





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number of compounds are in place up and down both 2a and 2b. There are also a number of other bits of infrastructure, which are continuing to blight many of those communities. What actions will be taken to remove those compounds? How quickly will action be taken to remove compounds along the 2a route?

**Sir Jon Thompson:** We have drawn up a plan for how to close down and safely restore phase 2a. We have agreed that plan internally. It needs a review from the Department for Transport. We have agreed it and estimated the cost at between £92 million and £107 million to rectify. At that point, when the compound is removed or the borehole has been filled in, or whatever is necessary, we will be in a position to start the process of selling the land and property.

The estimate is that it will be anywhere between a few weeks and two years—I think that is the longest estimate—depending on the nature of the compound, the borehole or the asset that has been constructed, and so on. That gives you a rough estimate of how much and how long. Some may be very easy to restore; some may not. Then you enter into the land disposals process, which is a separate issue entirely.

**Q445 Jack Brereton:** We are already several months down the line since the Prime Minister made this announcement, and at the moment nothing seems to have changed. We have heard from parish councils and others that the information provided from HS2 is almost non-existent. It is not having any communication with residents and councillors along the 2a route. What more is going to be done to ensure that those communities, which continue to have this blight, are properly informed and that action is being taken to remove these compounds?

**Sir Jon Thompson:** You need Ministers to make three decisions. One is on the plan that I have just outlined to you, which we have drawn up ourselves. Secondly, you need Ministers to lift safeguarding through a written ministerial statement. Thirdly, you need Ministers to agree a land and property disposal process, which is in line with Crichel Down. When Ministers have made those decisions, we will be able to proceed on all three fronts.

**Q446 Jack Brereton:** Were you expecting those decisions to have been made by now?

**Sir Jon Thompson:** Was I?

**Jack Brereton:** Yes.

**Sir Jon Thompson:** The Government move at whatever speed the Government move. I am a taker here; I am not running the Department for Transport. I am sorry if it is unsatisfactory for people, but I am not really responsible for running the DfT.

**Q447 Jack Brereton:** I will ask you another question, then, about security costs. A number of those compounds are manned by significant numbers of security staff. Could you give us any figures on the numbers of security staff currently being employed along the 2a and 2b routes, and how much



that is costing per week?

**Sir Jon Thompson:** I could not, off the top of my head, tell you per week. As I said, to get from here to the end is £100 million, give or take. Some of that will be security costs, but it obviously depends on the compound and when you can close it down. If you want to know that exact number, I would have to write to you.

Q448 **Jack Brereton:** If you could write to the Committee with that information, that would be very useful.

**Sir Jon Thompson:** Sure.

Q449 **Jack Brereton:** I also want to ask you about the continued spend on the 2a route. Obviously 2a has been cancelled, but as you have suggested to the Public Accounts Committee, £273 million has already been spent on cancelled phases for acquisition of land.

I had a constituent attending my surgery on Friday whose business has been particularly affected along the route. He has been asked to commission further costly reports to prove the value of his business. We have heard that other residents and landowners along the route are continuing to face CPO processes, so further cost is being spent there. Why are we continuing to see HS2 Ltd spending money on CPO processes and making business owners pay for very expensive professional reports to prove the value of their business along the line of the route that is no longer even needed?

**Sir Jon Thompson:** If somebody is involved in a compulsory purchase process, it depends on who started that process. There are some cases—obviously not the ones you are referring to—where the land or property owner has said, irrespective of Network North, “I wish to continue to sell under those powers.” The compulsory purchase order powers exist until February 2026, so if somebody wants to continue to sell, we are obliged to purchase. That may not be the case in the examples that you are giving, in which case I am slightly perplexed about why we are continuing to pursue compulsory purchase processes, given the nature of the decision. But if it has been started by the other party, my understanding is that we are obliged to continue.

Q450 **Jack Brereton:** There have certainly been reports of people being forced to sell their property along the 2a route completely against their will. It would be useful if you looked very closely into why this is the case.

It would also be interesting if you provided any figures on the amount of money that has been spent since the Prime Minister’s announcement in the autumn of the cancellation of phase 2a. How much money has been spent on further CPO acquisition of land and compensation to businesses? There is significant concern that there are processes continuing despite the fact that none of this land will be needed any longer.

**Sir Jon Thompson:** In answer to your question about how much we have spent, let’s just be transparent. Since the Prime Minister made his



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announcement, we have not sold any land or property impacted on between—

**Jack Brereton:** That is not the question I asked.

**Sir Jon Thompson:** Hang on; I am taking a long run-up at your question. Either between Birmingham and Crewe, or Crewe and Manchester, or Birmingham and Leeds, we have continued to purchase, because in some cases people still want to sell. That is not everyone, but some people still want to sell. We are obliged under the compulsory purchase powers, in my understanding, and safeguarding powers to purchase, so we have done so. It would be in the low tens of millions spent, since the Prime Minister's announcement. I can think of a very significant purchase of £8 million, which took place in the autumn, so my estimate is that it would be in the low tens of millions.

Q451 **Jack Brereton:** Okay. It would be useful if we could have some exact figures on that, and if you could look particularly into those who are being forced into these decisions even though the route is no longer needed.

I want to ask you a little more about the Handsacre link, which you answered a few questions about earlier. You made some comments previously at the Public Accounts Committee on 16 November. In particular, you said that if you had built the 2a route from Birmingham to Crewe, HS2 trains would never have gone on to the west coast main line; at that point, they would have joined north of Manchester.

**Sir Jon Thompson:** Yes.

Q452 **Jack Brereton:** That simply isn't correct, is it? How would it have been possible to run the services that were proposed to service Stafford, Stoke-on-Trent and Macclesfield? Clearly there were going to be services that would have joined on at Handsacre.

I ask you to correct that particular issue, but I also want to ask you why the decision was taken to change the design of Handsacre from the original design. That decision has made a significant impact on what is proposed now. Obviously we are looking now at trying to revert to the original design for Handsacre, so could you explain why that decision was taken to change the design of the Handsacre junction?

**Sir Jon Thompson:** I am not clear about what you are referring to. My understanding of Handsacre is that it is a section of the west coast main line where there are six lines that go down to four lines that go down to two lines. Under the previous plan, if we had constructed the 2a link from Birmingham to Crewe, we would not have used Handsacre junction. That remains my position.

Q453 **Jack Brereton:** Well, that was the agreed specification that was set out by HS2 Ltd.

**Sir Jon Thompson:** You are querying that, which makes me think that possibly the advice that I have got is incorrect, but it still remains that the



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advice to me is that if 2a had been constructed, we would not have used that.

Q454 **Jack Brereton:** So you are now admitting that with HS2, there would not have been any services to Stafford, Stoke-on-Trent or Macclesfield post-phase 2? Is that what you are admitting?

**Sir Jon Thompson:** I cannot answer that question. What I am saying—and Mr Stewart asked me this question before—that if 2a had been constructed, the advice to me, which I have got written down here, is that we would not have used that junction. And the question that arose—

Q455 **Jack Brereton:** I think you should probably go away and qualify that.

**Sir Jon Thompson:** I am happy to go away and have a look.

Q456 **Chair:** Can I intervene here? Are we confusing services that would have gone straight on HS2 to Manchester—fully HS2 when it was all open—with the sort of mixed HS2 and classic services that Mr Brereton is referring to? Those would have had to use Handsacre junction.

**Sir Jon Thompson:** Possibly, and I will apologise to Mr Brereton now if I have got it wrong, but I am reading my notes right here. I can reiterate what I have just said. The question that then arose, to your point earlier, was “As 2a has been scrapped, is the junction big enough now to take HS2 trains as well as whatever else is going down the west coast main line and whatever people want to schedule in relation to freight?” I believe the Secretary of State either has written to you or is about to write to you to clarify.

Q457 **Jack Brereton:** The issue that was changed, in terms of design, was that the original proposal was to connect the HS2 line at Handsacre to the fast lines with the west coast main line. That was changed to connect it to the slow lines, for some unknown reason. We do not understand why that decision was made by HS2 Ltd. It has been suggested that it was due to value engineering, but we have heard other evidence to suggest that actually it would probably have been more costly to connect to the slow lines because the viaduct would have needed to be longer. We cannot understand why the decision was made not to connect to the fast lines. Most importantly, what we want to know is that the design is going to be reverted so that the new HS2 line connects to the fast lines at Handsacre junction.

**Sir Jon Thompson:** I think we should wait. I will say again that I believe there is a letter from the Secretary of State to you in relation to this issue.

I think there was a question about how much it is going to cost. There were some questions in a previous Committee hearing about whether it was going to cost more than £500 million, or some such. I am happy to have a look at our part of it. It is also possible that what we are conflating here is decisions of HS2 Ltd versus HS2—in other words, decisions made by the Department for Transport in relation to traffic planning around that element of the route. I have re-read my note here. I am happy to look at



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the very specific question you are asking me, because I do not know the detail of it enough to be able to sit here and debate it with you.

**Q458 Jack Brereton:** Okay, thank you. I have one final question about contracts on phase 2a. What is the current situation regarding the design contracts let in respect of 2a? Are those in the process of being terminated? What are the costs of those contracts to date? Is it expected that the final outturn of costs will change following termination?

**Sir Jon Thompson:** There are five things we have to do in relation to closing down phase 2a, and you have highlighted one of those. There are 41 early works sites at various different stages, and they are all contracted out. We will have to close those and restore them; that is one of the five things we will have to do. Secondly, to one of your earlier questions, there are 1,184 boreholes that we have to assess and rectify and put back into a safe condition.

There are three others, if you want me to quickly run through those. There are 1,500 undertakings and assurances in the Act, which made various commitments to third parties, including, of course, Staffordshire County Council. We will have to assess those one by one because, irrespective of the decision made by the Prime Minister, there is still an Act of Parliament that made undertakings and assurances to third parties. We will have to go through those and see whether we are still obliged to deliver them. It is not clear to me whether we will or we won't, but we will need to assess them. I suspect that some of those third parties will still expect the Government to do whatever was necessary on amending roads, for example. We will need to go through 1,500 of those.

We have various Network Rail works that will need to close down, most notably in the approach to Crewe station, and then that will revert to being a challenge for Network Rail in terms of their own programme. We will then need to wrap up all the necessary data and records so that when the land is sold people know what we have done to that land, what we have rectified and so on. Then, separately, there is the whole question of land and property, which we have talked a bit about.

Those are the five things we will need to do. How much have we spent on 2a? We have spent £273 million, as you correctly said earlier, on land and property—

**Q459 Jack Brereton:** In terms of those specific design contracts, what is going to be happening with those? Some have continued to be let. Are those contracts going to be wound down and terminated?

**Sir Jon Thompson:** Yes. We have spent £728 million on early works on phase 2a. All of those contracts are either finished or will need to finish shortly. What we will do with those contracts is revert them to, "Now we need to clean up and reverse what we've done."

**Q460 Jack Brereton:** So there is the flexibility within those contracts to—



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**Sir Jon Thompson:** We believe so, yes. Will there be a cost to that? Yes. Can I tell you how much that will be at this point? No. Well, it is wrapped in the £92 million to £107 million to wrap up phase 2.

Q461 **Fabian Hamilton:** Sir Jon, recent reports state that the HS2 train sets to be built by Alstom in Derby should have their specification revised to include a second door in each carriage. Given that two intermediate stations on phase 1 of HS2 will serve international airports—Birmingham and Heathrow—and hence many passengers will have suitcases, do you think that the dictated dwell time at those stations of just two minutes is achievable?

**Sir Jon Thompson:** We have our doubts, which is why we are looking at the train design. We have not reached any conclusions, but, again, the point of the chief railway officer here is to say, “Hang on, how do you integrate the train with the station and therefore the dwell times?” She is looking at that. I don’t think we have finalised our conclusion, but we have had some early conversations with the train manufacturer.

Q462 **Chair:** You said earlier that your recommendation was that we didn’t need to reopen the train contract.

**Sir Jon Thompson:** The numbers.

**Chair:** Was that specifically on the numbers, rather than the design?

**Sir Jon Thompson:** Yes, because the design question that Mr Hamilton is asking me about would have stood irrespective of anything else.

Q463 **Chair:** Just to clarify, when I asked you if you could send us further detail about your advice to the Department, that is not just on the number of the train sets that are required, but their design. For example, do they tilt or not, how many doors do they have—all those sorts of points. That is what we are trying to get at.

**Sir Jon Thompson:** We have drawn a line, as has the Department, between the consequential of the Prime Minister’s decision and normal business. The train design that Mr Hamilton is asking me about is normal business. That does not have anything to do with the other issues on which we are being asked for advice—I ran you through those six things. The document that we have provided to them is over 400 pages long. I will need to think carefully about to what degree I can give that to you while Ministers are making a live policy decision. I am trying to separate consequential from things that would have been an issue anyway.

Q464 **Grahame Morris:** My colleague Fabian Hamilton and I visited Alstom quite recently to see the train manufacturing facility there. All the UK train manufacturers, including Alstom, are suffering a hiatus in their order book. You mentioned normal day-to-day operations and discussions with the Department over reconfiguration. There is a huge pressure to place orders with UK-based train manufacturers in order to preserve jobs here in the United Kingdom. I know that political decisions have consequences for employment in the supply chain, but I hope you are aware of the

pressures that they are facing.

**Sir Jon Thompson:** Yes, I am aware of the pressures. I would have thought that this was one point in the hearing, at least, when you would have patted me on the back, because I believe I am the only person who is ordering any new trains.

**Grahame Morris:** Well done. Can you order some more?

Q465 **Fabian Hamilton:** I have a final detail question, Sir Jon. In your update of 23 November, HS2 Ltd said that phase 1's eventual cost is estimated to be between £49 billion and £57 billion at 2019 prices. Could you clarify whether the total cost range includes, for example, the full cost of the eight GWR and Elizabeth line platforms at Old Oak Common? Also at Old Oak Common, does it include the cost of constructing the necessary two new stations on the London Overground and the necessary linking pedestrian pathways to the HS2 station?

**Sir Jon Thompson:** I believe it includes all those. It definitely includes the Great Western Railway platforms. There is a board on which I am a party, and which Andrew Haines, the chief executive of Network Rail, is on. We sit and talk about Old Oak Common regularly because of the impact on the Great Western line, which could be significant over a number of different closures over a number of years. My understanding is that the answer to your question is yes.

Q466 **Gavin Newlands:** Can I circle—or tilt—back to the questions on journey times to the central belt of Scotland? I think there was slight confusion. You said that there are no direct services. I do not want to put words in your mouth, but I do not know whether you meant services that run from Glasgow to London and stop at Manchester, and that is where the confusion came in earlier. I am just talking about HS2 services that are going to be running to Glasgow, and possibly Edinburgh, after phase 1 is completed.

You said that you are not aware of any kind of diminution in journey times per se, and I think you mentioned running at 125 mph. At this point in time, the only section of the west coast main line that is cleared for 125 mph running is between Wolverhampton and Stafford. I stand to be corrected on that, because I am not an expert. The rest, at the moment, is still 110 mph. There are assumptions being made that those sections of the west coast main line will be changed to allow for 125 mph.

**Sir Jon Thompson:** No, that is not what I said.

**Gavin Newlands:** No, in general. We have heard evidence that there are assumptions being made that, post HS2 operation, that will happen. What is your understanding of the situation? If those sections are 110 mph, surely there is going to be an increased journey time to the central belt of Scotland, if the trains are having to run at reduced speeds around the bends.

**Sir Jon Thompson:** I am slightly confused. I think I was very transparent with Mr Morris and Mr Whitley about the comparison of a Pendolino versus



an HS2 train. On whichever sections a Pendolino can do 125 mph, the HS2 train will be able to do 125 mph, apart from on the bends, where we will have to go slower. That means that the journey time between Birmingham and Manchester will be slower. If it then goes further north to Glasgow, would it be slower than the Pendolino? I think what I said in answer to your question was that I had not seen any simulation of that—I have only ever seen it as far as Manchester—but it would be reasonable to speculate that, unless the HS2 train goes as fast as the Pendolino does, it might slow down the service, yes. That would be a reasonable speculation, but I need to be really clear: I have not seen that simulation.

**Q467 Gavin Newlands:** No, and I did ask you to come back to us. High-speed rail is being delivered, except to passengers in Scotland, where the journey time might well be reduced, but the service might be reduced too, because the plan, as far as I am aware, is for the one and a half trains per hour that currently run from Glasgow to London to be reduced to one—although I appreciate they will be longer trains—and, very likely but not yet definitely, the Edinburgh service using the west coast main line will no longer run, because of the capacity constraints. Is that still your understanding of the situation?

**Sir Jon Thompson:** I am not sighted on this, as I said in answer to your earlier questions. The person who is responsible for that gave evidence to the Public Accounts Committee that Mr Smith and I were at. He is a senior official at the Department for Transport. He is the only person who could answer your question, not me.

**Q468 Gavin Newlands:** Lastly from me, the Pendolinos are able to run at 125 mph on some sections, but they are actually able to run at 140 mph. If, with some changes—perhaps improvements to signalling and so on—the Pendolinos were allowed to run at 140 mph, then surely for customers beyond Manchester, Pendolinos would be a better service altogether than the HS2 trains. Is that fair? Again, that is making big assumptions about whether 140 mph is allowed, but if that were the circumstance, is that a fair comment?

**Sir Jon Thompson:** You are asking me to speculate on something that I cannot speculate on, because I am not sighted on it.

**Gavin Newlands:** I am a politician.

**Sir Jon Thompson:** Good try. Sorry, I can't answer that question.

**Q469 Jack Brereton:** A minute ago, you mentioned the five things to wind down phase 2a. What progress has been made on those five aspects?

**Sir Jon Thompson:** We are working our way through the 1,500 U&As—undertakings and assurances—that are in the Act to assess whether we think we will still need to do things, or whether we can drop them. I have not seen the conclusion of that piece of work, but it would be reasonable to speculate that we will not be able to ignore all 1,500 undertakings and assurances that were given by Parliament when it passed the Act. It will take us a bit more time to go through those.





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Some are relatively straightforward, because they affect only one land and property owner, but some are much more complicated, in particular the interaction with Staffordshire County Council on roads, where the Act gave a series of undertakings and assurances to the county council. There is an interesting question—not for me, but for the Department—about whether you are still going to do that, because there is an Act of Parliament.

We are working our way through the boreholes. We have to assess them all and rectify. That will take a short piece of time, but not too long. I anticipate we should get there in the next couple of months or so.

The 41 early works sites are at various stages. Some of them are relatively easy to reverse, but some will take much longer.

On the Network Rail works, we essentially will stop asking Network Rail to do any further work for us by the end of the current financial year. The question of Crewe station signals, in particular, is a key issue. It will be for Network Rail and the Department for Transport to work that out. If you were not aware, on phase 2a up to Crewe, HS2 would have covered the cost of significant renewal of the signalling on the approach to Crewe station. That will not happen from us any more, so we assume that that will be Network Rail from 1 April 2024. That is where we are.

On land and property, we need the decisions that I set out from Ministers. We were anticipating that a written ministerial statement in relation to safeguarding would be made before Christmas, but we are now told that it will be made this month. That will give Parliament some sense about the land and property approach.

**Q470 Chair:** One very last question: what is now the estimated year in which the first HS2 passenger service will run?

**Sir Jon Thompson:** The political commitment is between 2030 and 2033, and we are still well within that window.

**Q471 Chair:** More towards the front or the back?

**Sir Jon Thompson:** We are more towards the front than the back, but I would caveat my comment on the basis that that configuration is from Old Oak Common to Curzon Street, not from Euston, because we await a decision on Euston.

**Chair:** Thank you very much. We are very grateful for your time and evidence this morning. We will be grateful if you could write to us on the various points we have asked for more information about, but for now, thank you again for your time.