



Department for Transport

From the Permanent Secretary

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27 February 2025

Sir Geoffrey Clifton-Brown MP
Chair, Public Accounts Committee
House of Commons
London
SW1A 0AA

[Sent via email]

Dear Sir Geoffrey,

Follow up to the tenth report of Session 2023-24

I am writing to update on the Department's implementation plans for recommendations set out by the Committee in its tenth report of Session 2023-2024 (*HS2 and Euston*).

In light of developments in the HS2 programme and the need to reassess policy following the election of a new government, I need to revise the target implementation dates for the recommendations 1a, 1b, 2, 3a and 3b. I have provided more information on our progress to date and the rationale for these changes under each recommendation below.

1a. PAC recommendation: In its revised business case, the Department should set out clearly how it has sought to maximise benefits from Phase 1, what benefits it will now plan to deliver and how it will measure success; and

Revised target implementation date: early 2026

Original target implementation date: during 2024

1b. PAC recommendation: [In its revised business case, the Department] should also set out when it will produce its benefits realisation plan and, as part of that, how it will work across government and local authorities to deliver the outcomes it seeks

Revised target implementation date: early 2026

Original target implementation date: during 2024

Before producing an updated business case, the programme needs to be reset and the Secretary of State has tasked the new Chief Executive of HS2 Ltd, Mark Wild, to review the remaining scope, the cost and schedule needed to complete phase 1 and advise the government on what is required. The department is planning to publish

an updated programme business case in early 2026 after an agreed cost estimate is produced following the programme reset. The updated programme business case will include information related to the benefits realisation and evaluation. Beyond the updated business case, the Department and HS2 Ltd have continued to report publicly on the realisation of HS2 benefits, including through the Department's six-monthly reports to Parliament. The Department will continue to work across government to support the ongoing realisation of benefits.

2. PAC recommendation: The Department and HS2 Ltd should set out in its next six-monthly update:

- **Progress in recruitment of Executive and Non-Executive Board roles at HS2 Ltd.**
- **How they are going to ensure that effective cost controls, oversight, transparency, design, and contracting are put in place so that cost overruns and delays which have been a constant problem throughout the whole HS2 project will now be brought under acceptable and properly accountable control.**
- **Progress in reviewing existing contracts to ensure that contractors are now incentivised to minimise costs.**

Revised target implementation date: Spring 2026 updates to be provided in future reports to Parliament

Original target implementation date: Spring and autumn 2024

In October 2024, the government announced urgent measures to grip HS2 costs, including:

- Reinstating the Ministerial Task Force to ensure greater accountability;
- Launching an independent review on the oversight of major transport infrastructure projects, including the effectiveness of reporting and forecasting of cost, schedule and benefits;
- Making clear that after safety, HS2 Ltd's primary objective is to deliver the remaining works at the lowest reasonable cost.

The Department partially implemented the committee recommendation by making changes to bolster Non-Executive capability with the appointment of David Goldstone in June 2024. Executive and Non-Executive capability will continue to be kept under review, under the leadership of the HS2 Ltd Chair and CEO, Mark Wild in the context programme reset that is underway. The Department will provide relevant updates in the six-monthly parliamentary reports. Mark Wild has been asked to provide an initial assessment of the current position and how he intends to reset the programme by spring 2025. HS2 Ltd is also continuing to work with the principal suppliers to ensure focus on the cost-effective delivery of the remainder of the civil works. The Department will provide an update on that work in forthcoming reports to Parliament, subject to commercially sensitive details.

3a. PAC recommendation: The Department and HS2 Ltd should set out in its next six-monthly update:

Progress in establishing what it needs to do to amend Phase 1 and manage the closedown of the other phases.

Revised target implementation date: during 2025; updates to be provided in report to Parliament

Original target implementation date: Spring 2024

The government is progressing its plan to deliver Phase 1. However, the programme needs to be reset and the Secretary of State tasked to ask Mark Wild to review the remaining scope, the cost and schedule needed to complete it and advise the government on what is required. The government is also considering the position it inherited in relation to its policy for any further rail infrastructure north of Birmingham. Officials and HS2 Ltd have prepared plans to remediate the works started on the former Phase 2a section and part of 2b, subject to decisions on the overall policy approach. Therefore, while this work is ongoing, the Department has been unable to meet the Spring 2024 target implementation date. The Department will provide an update in its next six-monthly report to Parliament.

3b. PAC recommendation:

The work HS2 Ltd has done in re-establishing the organisation to deliver the revised programme, including identifying the skills and capability it requires.

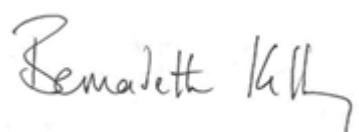
Revised target implementation date: during 2025; updates to be provided in updates to Parliament

Original target implementation date: during 2024

Throughout 2024, HS2 Ltd undertook a comprehensive change programme to reshape the organisation to deliver the revised programme. However as mentioned above the department has commissioned Mark Wild to undertake a comprehensive review of the project, including capability. The outcome of this review may result in further changes, which the Department will provide details on in any subsequent parliamentary reports.

I hope that this letter is helpful explanation to the Committee on why the Department has to revise the target implementation date.

Yours sincerely,



**Dame Bernadette Kelly DCB
Permanent Secretary**