

Written evidence submitted by Mr Michael Gross

High Speed 2: Progress at Summer 2021

I refer to the Committee's Call for Evidence and I offer the following based on my own experience. I feel it is important to stress, that I have written to this Committee on numerous occasions over the course of many years, with a large and significant body of evidence that has been largely ignored. I do so again on this occasion having been encouraged to by the Clerk. However, the short window for evidence and this Committee's track record on holding those responsible to account, gives me no confidence that this recall will result in any significant change to HS2 or the way those responsible continue to waste public money.

This inquiry is taking place one year on from the PAC's own damning report in May 2020 on the state of HS2. The report reflected my own findings over the many years I have been involved in the project and those points raised repeatedly by Lord Berkeley and others. Unfortunately, the report failed to consider the earlier warnings that I, and others, gave the Government several years previously about the cost increases, and the report did not recognise the failures of successive Ministers to properly inform Parliament or the many other Parliamentarians who are fully aware of the flaws regarding HS2 inability to hold those responsible to account.

By way of background, I have been dealing with HS2 Ltd, Network Rail and the Department for Transport for many years, culminating in 2017 with the compulsory purchase of my real estate – the four commercial buildings at the front of Euston Station – by HS2 Ltd in the UK's largest-ever CPO. During the time I have been involved with the HS2 project, I have amassed substantial evidence of misconduct by HS2 Ltd and the DfT that the Committee has chosen to ignore even though I have repeatedly shared it with you.

I find it deeply concerning that the Committee will not look at evidence that has previously been submitted and those running HS2 have repeatedly failed to justify numerous decisions made which the evidence proves was deeply flawed. I also note that the Committee has only asked for information regarding the construction of Phase 1, despite the fact the process to reach construction was and continues to be riddled with errors costing the taxpayer billions.

However, I will not use this submission to restate those points, simply stressing that there continues to be a massive and orchestrated cover-up of the facts which would have justified stopping this project very early on. One example of where old material continues to be misused regarding HS2 is the 2018 National Audit Office (NAO) Report which looked into the Land and Property issues. This report was based on a single source, namely the DfT including HS2 Ltd, and was repudiated by the NAO itself from 2019 onwards. However, the Minister, Mr Stephenson, continues to rely on it as a justification to not properly investigate the fraud and manipulation that has taken place. On the contrary, he himself has tried to cover up misconduct by switching parts of the expenditure into other Ministerial budgets and, most scandalously, inventing a hitherto unknown accounting principle of sunk costs. He should be asked to identify and justify this because writing costs off in every other circumstance only applies to discontinued activities which is clearly not the case with HS2.

The role of your Committee, which was supposed to have primary oversight of this project, has been consistently the opposite and has been a major contributory factor in allowing this unviable and hugely costly project to continue. It is highly illustrative that the Committees have virtually taken no independent testimony rather they have relied on the people they are supposed to hold to account to give evidence. I note that this appears to be the case again and hope, despite the evidence to the contrary, that this time around proper action will result from the Committee's hearing.

A recent and glaring example of inaction on behalf of those responsible for holding HS2 to account is that the NAO reported that £5bn of potential savings on HS2 had been lost due to laziness. Despite this, no one has been held accountable and everybody has stayed in their jobs. In the same way, failure to deliver on budget, on time and within any credible economic case has not resulted in any changes of management at the top.

There are a number of specific questions that need to be posed and answered by the Minister, Andrew Stephenson MP, HS2 Ltd CEO, Mark Thurston and, Permanent Secretary at the DfT, Bernadette Kelly, if the Committee is sincere in trying to reveal the truth and seek solutions for the future:

1. Is HS2 still relevant? Many experts have made the point that the COVID-19 pandemic has changed the way businesses are operating with the introduction of remote and hybrid working. Therefore, HS2 is unlikely to have a benefit to business. Has there been any post COVID-19 cost-benefit analysis for Phase 1?
2. Has a budget for Phase One been finalised? If not, why not? HS2 Ltd. has now been operating for more than a decade.
3. What are 'sunk costs' which have appeared in several budgets? This is usually only present in discontinued businesses. What are these costs and who were the recipients of these funds?
4. According to the NAO the unimaginable sum of £5bn could have been saved. Who is responsible for this catastrophic disaster? Have there been any repercussions?
5. The nominated contractors for Euston Station have made it known that the budget for connectivity between Euston and Oak Common is lacking by approx. £20bn, is this true?
6. A number of leading engineers have claimed that it is impossible for the line to reach Euston. Therefore:
 - a. Does the contractor have a fully insured, engineer-approved plan for HS2 to reach Euston?
 - b. What is the cost of tunneling from Old Oak Common to Euston?
 - c. What is the total cost of developing Euston and what date is the new station expected to be operational?
 - d. What is the total cost of developing Old Oak Common and what date is the new station expected to be operational?
 - e. Is the tunnelling equipment purchased appropriate to help the line reach Euston? If not, what further cost will be incurred, if and when a viable plan is ever produced?
7. Will the Ministers disclose the full budget for Old Oak Common, and identify what amounts are included in the budgets of HS2, Crossrail, Network Rail and other departments for transports?
8. How have conflicts of interest been managed given the number of individuals who have moved to and from HS2 Ltd. to its consultants and contractors, including three previous Chief Executives?

I hope these questions that I and my associates have submitted on numerous occasions allow for continued scrutiny of the HS2 project. However, I would stress that, to my mind, there is no way this project would have been passed through Parliament if the facts, which were known by the DfT at the time, had been properly disclosed. Those who rushed HS2 to Royal Assent have been responsible for billions of public monies being spent and obtained compulsory purchase powers by fraud.

Instead of your now-annual criticism of this project, your Committee should be bringing down the full force of the House of Commons upon the Civil Servants and public figures entrusted with serving the will of the British People and charge them to act in the best interest of the taxpayer, with integrity, honesty, objectivity, and impartiality, in a

manner expected of those in public office.

I, and others with direct knowledge, remain prepared but not particularly optimistic that you will allow me the opportunity to present this evidence to the Committee in person.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Michael Gross", with a stylized flourish at the end.

Michael Gross

June 2021