

Minister weighs possible costs of COVID, delays and protests on HS2

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The Minister for HS2 has said costs as high as £2billion – caused by COVID, delays, protests, changed cost estimates and works to facilitate new developments – could be taken from contingency funds.

The costs are covered by contingency funds that are both retained by the government (£4.3billion) and delegated to HS2 (£5.6billion), which means Phase One is still within budget (£44.6billion).

In his latest report, Andrew Stephenson says he estimated costs caused by COVID-19 were forecast in the region of £400million to £700million. This will be covered by government-retained contingency money. Earlier in his report he stated that COVID-19 had led to construction activities being “re-sequenced” to stay within the proposed Phase One delivery into service window of 2029 to 2033. This work was assessed to have cost £110million, and covered by HS2 contingency funds.

Other potential additional costs included the possible need to draw on £600million of HS2-delegated contingency money if “the slower than expected mobilisation of main works civils contractors for Phase One, associated with delays to enabling works handovers, design approvals and securing of planning consents” is not mitigated.

There was, he says, a £400million “pressure” on the Euston development cost estimates – as there was last time the minister reported to Parliament. However, he did add that a new station design, with a 10-platform, single stage delivery – should cut the need for this money. There was also a potential need for £150million for “on-network works” on the existing Euston network to facilitate the station.

He emphasised, however, that HS2 had managed to find £300million in savings.

He also turned his attention to protestors, saying that they had cost the project up to £80million.

He said that “the government is making sure that HS2 Ltd, its supply chain, emergency services and wider government have a coordinated response to illegal protest. Regrettably, some protestors have turned to violent and aggressive behaviour, particularly against HS2 Ltd’s supply chain. The government is taking steps to ensure that illegal protestor activity is properly dealt with and that safety risks are minimised.”

He confirmed Phase 2a’s delivery in service window was, following Royal Assent of the Phase 2a High Speed Rail Bill, now set at 2030-2034, and that a hybrid bill for Phase 2b (between Crewe and Manchester) would be deposited in Parliament in early 2022.

In total, £12.9billion has been spent on Phase One of the project, with an additional £1billion for land and property and £12.4billion contracted.

Picture credit: UK Government