

# Public Accounts Committee report calls for answers following cancellation of HS2 Phase 2

February 7, 2024



The Public Accounts Committee (PAC) has [published a report](#) that calls for government to “answer questions raised by the decision to cancel HS2 Phase 2.”

In the report, PAC offers its views on both HS2 and Euston station, warning that the high speed rail programme will offer “very poor value for money for the taxpayer” following the cancellation of Phase 2.

PAC called its report (which was published on 7 February) the “latest addition to over a decade of scrutiny raising concerns around the management of HS2.”

It added that, while the Government had accepted delivering Phase 1 alone did not represent value for money, the [Department for Transport](#) (DfT) stated it was still better to complete this phase.

The PAC report raises questions about the implications of Phase 2’s cancellation, which was announced in October 2023. It also raises doubts about the government’s ability to attract enough private investment for a new station at Euston.

Lord McLoughlin, Transport for the North Chair, commented on the report, stating: “The decision to stop HS2 at Birmingham is a missed opportunity for the North, and the country as whole. It wasn’t just the improved North-South connectivity it would have enabled, but the extra capacity it provided, both in terms of the new high-speed line and in the space freed up on the existing network to run more services. This

would have benefited passengers and freight.

“Transport for the North’s evidence shows those capacity and connectivity needs haven’t changed, and we need still need that transformational investment in pan-regional transport to support levelling up. We will continue to work with government to address these challenges and deliver the benefits citizens and businesses across the North need.”

The DfT stated that it had noted the committee’s findings and would respond formally in due course. A DfT spokesperson said: “We disagree with the Committee’s assessment. Their estimated cost figure for Phase 1 also does not reflect our decision to secure private funding for Euston, or the direction not to proceed beyond the Midlands.

“Our plans for Euston have already received extensive support from the private sector to invest and will offer a world class regeneration opportunity, mirroring the successful Kings Cross and Battersea and Nine Elms development programmes.

“The Permanent Secretary has already written to the Committee chair setting out her assessment on value for money, and we have repeatedly made clear we will continue to deliver HS2 at the lowest reasonable cost, in a way that provides value for taxpayers.”

The DfT also outlined the benefits of Phase 1, stating that it would provide faster, more reliable services for tens of thousands of passengers, and transform rail capacity. It added that “every penny of the £19.8 billion committed to the Northern leg of HS2 reinvested in local transport in the North.”

Finally, it stated that the the cost and scope of Phase 1 was being reassessed in the wake of the decision not to proceed beyond the Midlands.

In response, Railway Industry Association Chief Executive Darren Caplan said: “Today’s report by the Public Accounts Committee raises many questions which remain unanswered, not least of which is how HS2 going to operate as railway. Ministers urgently need to make decisions on this point and others to ensure both sunk and future investment deliver value for money for taxpayers and the railway.

“It remains RIA’s view that the full benefits of HS2 can only be realised by building the full HS2. However, going forward RIA and our members are committed to working with the Government on the trajectory of future rail investment and how this meets long-term demand for rail capacity across the UK network. It is imperative that options are kept open as the scope of work on this is developed.”