**HS2 economic case seriously flawed and must be reviewed, say MPs**

Example of recommendation from DSC – govt has 60 days to respond

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High speed rail link must not go ahead until government makes clear benefits outweigh costs, says Commons committee. There are "serious shortcomings" in the economic case for HS2 and Parliament should delay the £42bn project until the Treasury has conducted a full review, MPs have said.

The influential Commons Treasury select committee said it was not persuaded by the cost-benefit analysis for the high speed rail network that will link London, Birmingham, Manchester and Leeds. Andrew Tyrie MP, chairman of the committee, said: "A more convincing economic case for the project is needed. We need reassurance that it can deliver the benefits intended and that these benefits are greater than those of other transport schemes – whether in the department's project pipeline or not – which may be forgone."

The coalition has been at pains in recent weeks to restate the case for the high-speed network, whose value has been cast into doubt by various political figures, including most notably the shadow chancellor, Ed Balls.

HS2 Ltd, the government agency developing the project, recently published research by KPMG that claimed the line would deliver a £15bn annual boost to the economy, including widespread job creation – far greater than the value accounted for in the narrow specifications of the cost-benefit analysis. Early cost-benefit figures had been seized on by opponents who derided a methodology that appears to assume passengers cannot work on a train journey.

That criticism was amplified by a highly critical National Audit Office report in May that highlighted a number of problems with the Department for Transport's cost-benefit studies. The select committee said the Treasury should not allow HS2 to proceed "until it is sure the cost-benefit analysis for HS2 has been updated to address fully the concerns raised by the NAO".

While the government has tried to sidestep its own analysis by drumming up support on the back of presumed regeneration and indirect economic growth, the select committee said that there remained an onus on the Treasury to "publicly quantify these benefits". It also demanded that before deciding to proceed with HS2, the Treasury should "publish its own comprehensive economic case supporting its decision".

The overall price cap put on the HS2 network rose by almost £10bn immediately after the spending review in June, when the transport secretary, Patrick McLoughlin, announced a new budget of £42.6bn for the track. New high-speed trains will cost another £7.5bn, putting the overall cost at just over £50bn. However, McLoughlin said that the figure includes £14bn of "contingencies" and said the government is determined to bear down on the costs.

HS2's management team has been bolstered by the recent appointment of Sir David Higgins, the current chief executive of Network Rail, as chairman – a man McLoughlin said has a track record from his work on the London 2012 Olympics of bringing in a project "on time and on budget".

Importance of media – using DSC reports to make headlines, creating public pressure on govt. Use of the word ‘controversial’…

The controversial scheme should also receive a small ministerial boost from a new team at the department for transport, after the departure of Simon Burns, the minister for HS2, ahead of yesterday's reshuffle.

Legislation to enact HS2 is now widely seen as unlikely to complete its passage through Parliament before the next general election. A recent Public Accounts Committee report said the timetable for passing the hybrid bill was "ambitious" and "unrealistic". While the government has played down its significance, given official support for HS2 from Labour, it raises the prospect that an incoming government would be prepared to delay or scrap the scheme.

The first phase of HS2, from London to Birmingham, is scheduled for completion in 2026, with the full network to Manchester and Leeds due to open in 2033.

*Note – Bill introduced 25/11/2013; gained Royal Assent 23/02/2017*