

30th July 2017

Dear Ms Greenwood,

I write to you with my concerns regarding the proposed High Speed 2 railway. We believe the project should be paused while an urgent review is conducted into the potential costs of the project and the administration of HS2 Ltd itself.

This project is deeply unpopular and has managed to garner opposition to it from across the political spectrum. As recently as January this year, the Treasury Select Committee raised concerns about HS2's lack of economic rationale. This was the latest in a long line of critical reports from public bodies.

While new infrastructure is needed, a project with a questionable business case, outdated technology and serious environmental implications needs to be properly scrutinised before more taxpayers' money is committed to it.

To summarise some of our concerns:

- **The project is already significantly over budget.** In 2011 the Department for Transport estimated that the project would cost approximately £32 billion (2009 prices). The latest official estimate of the cost is £55.7 billion (2015) prices representing a real terms increase of more than 50 per cent. Despite this, the government continues to claim the project will be delivered on budget.
- **The business case for HS2 is poor.** The Public Accounts Committee has accused the Department of Transport of making decisions based "on fragile numbers, out-of-date data and assumptions which do not reflect real life" and economists have questioned almost every aspect of the Government's case.
- **Mismanagement and waste.** There have been reports of HS2 bosses splashing out on high-tech gadgets, 17 PR agencies to provide communications advice and exceeding their budget for consultants by £87 million. In July 2017 the National Audit Office published a report criticising HS2 for paying out unapproved redundancy payments that had been blocked by Transport Secretary Chris Grayling, totalling £2.76 million of which £1.76 million was not authorised.
- **Opportunity cost.** The government continues to justify the project on the grounds that it has a positive benefit-cost ratio. The ratio has however been significantly reduced and projects with far higher benefit-cost ratios are being crowded out. The benefit-cost ratio for Phase One is 1.4, half that of the average rail project and less than one third that of a strategic road project.
- **Conflicts of interest.** In March of this year, HS2 Ltd had to rescind a key contract with CH2M – a US engineering group – worth £170 million following allegations of conflict of interest. This followed concerns regarding senior staff moving over from CH2M to HS2 while contracts were up for tendering. There have been subsequent worries over conflicts of interest with Hitachi. Furthermore, a £9 million consulting contract had to be re-tendered after the bidding process was abandoned and further conflicts of interest were found with bidders Arcadis and Mott MacDonald.

Andrew Allum - Chairman |
Matthew Elliott - Founder |
John O'Connell - Chief Executive |

55 Tufton Street | London SW1P 3QL
+44 (0)20 7998 1450
24hr media: 07795 084 113 (no texts)
info@taxpayersalliance.com

Ultimately, we would like the project to be cancelled outright, but the concerns outlined above are reason enough for even the most ardent supporters of the project to support a comprehensive review.

Yours sincerely,

A handwritten signature in blue ink that reads "John O'Connell". The signature is written in a cursive style with a large, stylized 'J' and 'O'.

John O'Connell
Chief Executive