

HS2 has gone from shambles to red alert

Warning that high-speed rail and other infrastructure projects may never be completed is a matter of national shame

William Hague, Monday July 31 2023, The Times

I mean no disrespect to the Infrastructure and Projects Authority when I say that its annual report is not normally fascinating reading. The authority is the body of experts who give advice on the huge projects that most governments love to announce but which their successors often find have to be delayed, cancelled, cut back or fundamentally redesigned and often cost twice as much as anyone ever expected.

These experts, on past evidence, know what they are talking about, although their publications are not exactly bestsellers. This year their annual report covers 244 tricky items of expenditure and grades them on how they are doing – from green for those sailing along as intended to red for any that are in serious trouble and have even become “unachievable”.

So low-profile is this document, so deadpan is its assessment of each project – with no condemnation of the bad or celebration of the good – and so beautifully timed was its publication on the day that parliament rose for the summer recess that it took about a week for anyone to notice what was in it. But if you do pick up the IPA Annual Report 2022-23 and make your way through the charts and analysis to page 54, you find that HS2, the long-planned high-speed rail line from London to the north of England on which a massive £20 billion has already been spent, is coded red.

Red, to be clear, means something is in very bad shape, particularly as there is an amber category for projects with significant issues “requiring management attention”. Red means “successful delivery of the project appears to be unachievable” and that “there are major issues with project definition, schedule, budget, quality and/or benefits delivery, which at this stage do not appear to be manageable or resolvable”.

It means the overall viability of the whole thing might have to be reassessed. In laymen’s terms, it is like ordering a package that never arrives or has to be returned because it is damaged. Your order has been seriously screwed up and you would want your money back.

One in ten of the projects listed are rated red, with the vast majority scoring an amber. There are many significant projects under reasonable control. But as you look at page 54, and you realise that the biggest single item in the whole report, taking up about half of all national spending on rail infrastructure for many years to come, is considered by the experts to be an almost unspeakable mess, you search in vain for the special chapter or additional appendix that surely will expand on this damning assessment. But there is no such explanation and HS2 is not mentioned in the text of the document. It just sits there in a list, as if it is a small detail. Red. Unachievable. Tough luck and have a good holiday.

If I were still in government, I would be climbing the walls about this. I would want to stop all work on HS2 today, but I know I would be told that the contracts signed for its construction make that impossible. I would want to fire somebody senior, but I would be informed that the chief executive of HS2 Ltd already quit last month so that satisfaction would be denied me.

Then I would say that if we can't cancel it we should at least make sure that the bits that haven't been abandoned will work well, but I would be told that the cost of making it start in Euston has doubled recently, that no one could decide how many platforms they wanted to build, that this crucial part is currently unaffordable and that the transformational, high-speed connection of Birmingham to central London might not even reach the latter. And then I would want to scream.

It is a national disgrace that such a project – now expected to cost up to £87 billion, which equates to more than £3,000 for every household in the country – is in such a state. There are many familiar points to make about that: those of us from Yorkshire who originally backed it would not have done so if we had known the line to the northeast would never be built; the people who argued that better transport and lower carbon emissions would more readily be achieved by funding local rail links instead have been proved right; and Dominic Cummings was correct when he tried to persuade Boris Johnson to scrap the entire idea back in 2019 when there was still time to do so. But this is all water that has already flowed under an expensive, half-built bridge.

The question for the future, apart from how to stop HS2 swallowing ever more of the budget for ever-diminishing gains, is how we in Britain get better at managing huge infrastructure projects. The IPA itself is evidently doing good work on training those responsible, through the Major Projects Leadership Academy. More expertise is indeed vital. But the Department for Transport recognised in a 2019 study that accountability for success or failure is critical and that “behaviour matters more than process” – meaning that all involved have to discuss with each other, at an early stage, the problems they face.

I suspect that such accountability and good behaviour will only come from a fundamental change in how such projects are managed and overseen. At the moment the sponsoring department, in this case transport, says what the policy will be. Then it asks someone else, in this case HS2 Ltd, to deliver it. From then on, the people doing delivery have every incentive to understate the problems they encounter and to find expensive solutions to implementing a policy they can't change.

The people in charge of the policy are left blissfully unaware of the issues with delivery and rotate through their jobs so quickly that few of them would understand those issues anyway. After a decade the project is a disaster, but no one was responsible for it – code red and unachievable, with the taxpayer paying for it.

Policy and delivery need bringing together in a powerful board with real expertise and serving for long periods, which is how much of the private sector would do it. The fate of the project would decide their careers. Accountability and problem-solving would be incentivised.

Ministers could try this out on other critical projects that are similarly rated red. They include projects vital to skills, such as the T-level programme; housing, such as the Housing Infrastructure Fund; climate, such as the Nature for Climate Fund; and several science and digitisation projects.

That little flash of red in an obscure report tells us of a serious failure but also that the system needs to change. All political parties should turn their minds to it.