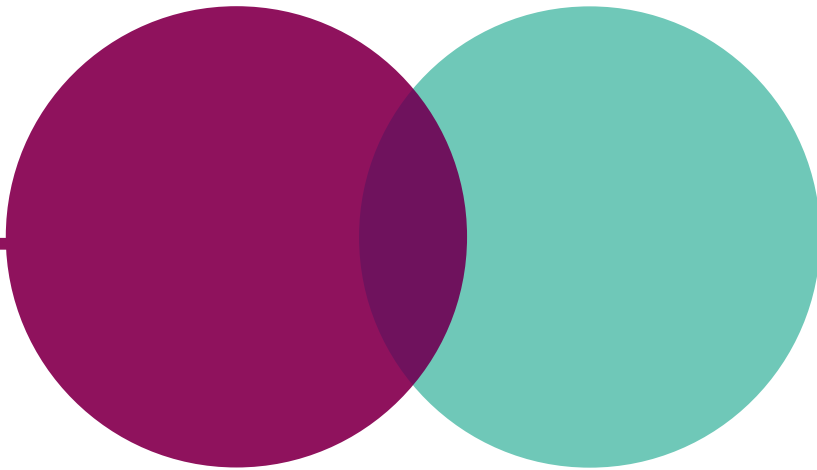




National Audit Office



Progress in implementing National Audit Office recommendations: High Speed Two

Department for Transport and High Speed Two Ltd

REPORT

**by the Comptroller
and Auditor General**

SESSION 2021-22

10 JUNE 2021

HC 292

What this report is about

1 In our reports we make recommendations to government departments and other public bodies, which they can use to help improve public services. In this report we assess the Department for Transport (the Department) and High Speed Two Limited's (HS2 Ltd) progress in implementing National Audit Office (NAO) recommendations on the High Speed Two programme (the programme). We have reported on the programme regularly, examining preparations and early progress, and future risks to value for money. In this report, we review progress in implementing the recommendations from our two most recent reports: *Progress with preparations for High Speed 2* (2016); and *High Speed Two: A progress update* (2020).¹

2 The programme aims to build a new high-speed, high-capacity railway between London, the West Midlands and the north of England. It is the government's largest infrastructure programme by value, with an estimated total cost of between £72 billion and £98 billion (2019 prices) for Phases One, 2a and 2b.² The Department funds and sponsors the programme. At the same time, HS2 Ltd, an arm's-length body of the Department, is responsible for developing, building and maintaining the railway.

3 We assessed the progress made against our recommendations based on a review of evidence from the Department and HS2 Ltd, collected between April and May 2021, publicly available information, and our experience of auditing HS2 and other major programmes. Our assessment of the extent to which the Department and HS2 Ltd have implemented our recommendations should not be read as an indication of the NAO's view of the current status of the overall programme or the Department and HS2 Ltd's management of the programme. Definitions of the categories we use are shown in **Figure 1**.

4 The Committee of Public Accounts (the Committee) has published its own set of recommendations for the Department and HS2 Ltd to take forward. The Committee requests regular information on implementing its recommendations and will recall accounting officers if it is not satisfied with the quality of the Department's performance after Committee hearings. Government departments respond to these recommendations through a Treasury minute. We set out in Appendix Two the status of the Department's response to recommendations made by the Committee, as documented through the Treasury minute process. We have not undertaken any further work to assess or validate progress, as this is managed by HM Treasury.

¹ We have reported four times on the programme. We have not reviewed recommendations from our 2013 report in this report as the programme has progressed considerably since then. Our investigation in 2018 did not include recommendations. The four reports are: Comptroller and Auditor General, *High Speed 2: A review of early programme preparation*, Session 2013-14, HC 124, National Audit Office, May 2013; Comptroller and Auditor General, *Progress with preparations for High Speed 2*, Session 2016-17, HC 235, National Audit Office, June 2016; Comptroller and Auditor General, *Investigation into land and property acquisition for Phase One (London - West Midlands) of the High Speed 2 programme*, Session 2017-2019, HC 1531, National Audit Office, September 2018; Comptroller and Auditor General, *High Speed Two: A progress update*, Session 2019-20, HC 40, National Audit Office, January 2020.

² The Department and HS2 Ltd state validation of the Phase 2b cost range is ongoing and will be updated to support the legislation for the HS2 route into Manchester.

Figure 1

Definition of categories used in reporting progress against our recommendations

This table explains our definitions for acceptance and implementation status

Category	Status	Definition
Acceptance	Accepted	The department/body agrees with all parts of the recommendation and undertakes to implement it fully.
	Partially accepted	The department/body agrees with specified parts of the recommendation, but not all of it, and undertakes to implement the parts it agrees with.
	Rejected	The department/body does not agree with the recommendation and does not undertake to implement it.
	Under consideration	The department/body says it has not decided yet whether it accepts the recommendation or not. OR The department/body has provided no response to the National Audit Office (NAO).
Implementation	Implemented	The department/body has implemented the recommendation actions. OR The department/body has adopted the good practice recommended.
	Work in progress	The department/body has started work, including planning, to implement the recommendation actions it has accepted. OR The department/body is ready to implement the recommendation but has had no opportunity yet to demonstrate this.
	No longer relevant	The department/body has changed policy, and the recommendation no longer applies. OR The department/body has found another way to implement change which renders the original recommendation obsolete. OR The NAO has published a subsequent report with different recommendations.

Source: National Audit Office

Summary

5 The Department for Transport (the Department) and High Speed Two Limited (HS2 Ltd) have accepted and taken steps to implement all our recommendations on the High Speed Two programme (the programme). We made 14 recommendations across our reports in 2016 and 2020. The Department and HS2 Ltd have implemented seven of the 14 recommendations and seven are work in progress. In **Figure 2** we summarise the implementation status of these recommendations across four broad themes: assurance and oversight; managing cost and schedule; reporting and communications; and programme management (these last three recommendations were also for government as a whole).

6 Many of our recommendations will remain relevant throughout the life of the programme, and require ongoing work by the Department and HS2 Ltd. HS2 Ltd will be managing concurrently, over decades, parts of the programme that will be at different stages of development: design, approval, construction, systems integration and readying for operations. In some cases, therefore, while we have judged a recommendation to have been implemented, we have highlighted points for future consideration and the need for continued focus from the Department and HS2 Ltd on the issues we raise. For example, the Department will want to periodically assure itself about the feasibility of completing the programme as planned and should consider what events and information would trigger these reviews. This assurance activity will be required across all phases and throughout the life of the programme.

7 The Department and HS2 Ltd will not be able to implement some of our recommendations until later in the programme and after key decisions about scope have been made. For example, we would not expect at this stage in the programme for HS2 Ltd to have narrowed the published ranges it uses for cost and schedule, as it is too soon to do so with confidence. Implementing other recommendations will require greater certainty from government around plans for Phase Two. The rail industry and other stakeholders will require detail of transport plans to prepare for the future, but key decisions need to be made before this is communicated. We understand that the Department's future integrated rail plan intends to consider how best to integrate Phase 2b with transport plans in the Midlands and the north of England.

Figure 2

Department for Transport and High Speed Two Limited's progress against our recommendations on the High Speed Two programme

The Department for Transport and High Speed Two Limited have accepted all 14 recommendations¹

Recommendations		Acceptance status	Implementation status
Total recommendations:	14	Accepted: 14 Rejected: 0	Implemented: 7 Work in progress: 7
Of which, recommendations were focused on:			
Assurance and oversight:	6	Accepted: 6 Rejected: 0	Implemented: 3 Work in progress: 3
Managing cost and schedule:	2	Accepted: 2 Rejected: 0	Implemented: 0 Work in progress: 2
Reporting and communications:	3	Accepted: 3 Rejected: 0	Implemented: 1 Work in progress: 2
Programme management across government ² :	3	Accepted: 3 Rejected: 0	Implemented: 3 Work in progress: 0

Notes

- 1 We have assessed progress against recommendations from our reports: Comptroller and Auditor General, *Progress with preparations for High Speed 2*, Session 2016-17, HC 235, National Audit Office, June 2016; and Comptroller and Auditor General, *High Speed Two: A progress update*, Session 2019-20, HC 40, National Audit Office, January 2020.
- 2 We have assessed the Department for Transport and High Speed Two Limited's implementation of these recommendations and not implementation across government as a whole. The acceptance and implementation status does not represent progress made by the government in implementing these recommendations for other major programmes.

Source: National Audit Office analysis of our own published reports and government responses

8 In the remainder of this report we:

- highlight recent and future developments that are relevant to understanding progress against our recommendations (Part One); and
- set out our assessment of the Department and HS2 Ltd's progress against our recommendations (Part Two).