



National Audit Office




REPORT

High Speed Two reset

Department for Transport and
High Speed Two Limited

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National Audit Office

High Speed Two reset

Department for Transport and
High Speed Two Limited

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

22 June 2026

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Contents

Key facts 4

Summary 5

Part One

Background to the High Speed Two (HS2) programme reset 14

Part Two

Cost and schedule 20

Part Three

Commercial reset 27

Part Four

HS2 re-organisation 30

Part Five

Governance 33

Part Six

Euston 37

Part Seven

Phase 2 closedown 43

Appendix One

Our audit approach 47

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Key facts

**£87.7bn to
£102.7bn**

the Department for Transport's (DfT's) and High Speed Two Limited's (HS2 Ltd's) revised cost estimate of the High Speed Two (HS2) programme between London and Birmingham as at May 2026 (mixed price base)

**£35.9bn
to £37.2bn**

the increase in DfT's and HS2 Ltd's estimated cost of the programme between London and Birmingham between 2020 and 2026, excluding inflation

**3 to 13
years**

the expected delay in when DfT estimates that HS2 services will operate on the full HS2 railway as at 2026 compared with its estimates in 2020

Spring 2027

when DfT and HS2 Ltd expect to complete the programme's reset and establish a revised baseline for delivering HS2

**May 2036 to
October 2039**

DfT's revised estimated schedule for when HS2 services will initially begin operating between Old Oak Common in west London and Birmingham

**May 2040 to
December 2043**

DfT's revised estimated schedule for when HS2 services will begin operating on the full HS2 railway between London Euston and north of Birmingham

**£46.8 billion
(nominal prices)**

the total spend on the HS2 programme as at end of March 2026, including on the cancelled Phase 2

£153 million

HS2 Ltd's estimated total cost of resetting the HS2 programme

**£8 billion
(mixed price base)**

DfT's total estimated spend (actual and forecast) at Euston based on current early design, including the station and tunnelling works from Old Oak Common but excluding private sector contribution

£2 billion

HS2 Ltd's potential savings from contract negotiations

124

accepted recommendations from external reviews that DfT and HS2 Ltd are addressing as part of the reset, with 45 (36%) completed as at February 2026

Summary

1 The High Speed Two (HS2) programme aims to deliver a high-speed, high-capacity railway between London and Birmingham. The Department for Transport (DfT) sponsors the programme and is responsible for funding and oversight. High Speed Two Limited (HS2 Ltd), an arm's-length body of DfT, is responsible for building the railway and bringing it into service. A new body, Euston Delivery Company Limited, is responsible for the HS2 station and related work at Euston, where the railway will end in London.

2 The HS2 programme has not gone as planned. DfT and HS2 Ltd reset the programme in 2020 and the development of Euston station in 2020 and 2023. In 2023, the government cancelled Phase 2 of the railway beyond Birmingham. The programme is now smaller than originally planned, while costing more and taking longer to complete. Both we and the Committee of Public Accounts have previously reported on the issues that have led to the resets.

3 HS2 Ltd and DfT are now resetting the programme again. This began in January 2025 and is expected to end in spring 2027. HS2 Ltd and DfT created four workstreams focused on resetting the following.

- Cost and schedule.
- Supply chain and commercial relationships.
- Organisational capability and culture.
- Governance.

HS2 Ltd expects to spend £153 million on the reset, having spent £101 million by the end of March 2026 (in nominal prices).

4 There is also work underway to reset work at Euston and close down Phase 2. HS2 Ltd has continued with construction in parallel with the reset. As at the end of March 2026, DfT and HS2 Ltd have spent £46.8 billion (in nominal prices) on the programme, including on the cancelled Phase 2.

5 HS2 Ltd and DfT are using the reset to respond to lessons and recommendations from the Stewart Review. DfT commissioned that review to examine how it governs and assures major infrastructure projects. HS2 Ltd and DfT are also incorporating lessons from the National Audit Office, the Committee of Public Accounts, and the National Infrastructure and Service Transformation Authority. At February 2026, DfT and HS2 Ltd reported that they had implemented 45 out of 124 accepted recommendations across these reviews (36%), with all but one expected to be implemented by spring 2027 as part of completing the reset.

Scope of this report

6 This report examines whether HS2 Ltd and DfT are taking reasonable steps to plan, assure and implement the reset of the HS2 programme. We last reported on HS2 in July 2024, following the cancellation of Phase 2 of the programme.¹ We are reporting now while the reset is underway to support Parliamentary scrutiny. This report examines and assesses progress relating to the following.

- Resetting Phase 1 (Parts One to Five).
- Resetting work at Euston station (Part Six).
- Closing down Phase 2 (Part Seven).

7 We carried out fieldwork between March and May 2026. Much of the work we examine remains in progress. We have not examined how HS2 services will integrate with the rest of the rail network once the HS2 railway is fully completed. We expect to report further on progress with the HS2 programme in the future.

Key findings

Cost and schedule

8 **DfT and HS2 Ltd now expect the HS2 programme will cost between £87.7 billion and £102.7 billion, with costs having doubled since 2020 due to cost underestimation, inefficient delivery and scope changes.** In May 2026, DfT announced an updated estimate of the cost of completing the HS2 programme. It now stands at between £87.7 billion and £102.7 billion (mixed price base). Compared with its cost estimate in 2020 for Phase 1 only, this is a cost increase of between £35.9 billion and £37.2 billion (over 100% at the low end of the range), excluding inflation. The main areas that have contributed to the cost increase are scope change, underestimation, and inefficient delivery. Train services between Old Oak Common and Birmingham are expected to start operating between May 2036 and October 2039, and from Euston to the north of Birmingham (to join the West Coast Main Line) between May 2040 and December 2043. This means that DfT now expects to open the full railway between around three and 13 years later than it expected in 2020 (paragraphs 2.3 to 2.5, and Figures 4 and 5).

¹ Comptroller and Auditor General, *HS2: update following cancellation of Phase 2*, Session 2024-25, HC 128, National Audit Office, July 2024.

9 DfT and HS2 Ltd are taking reasonable steps to revise and assure costs and schedule, with further work underway to establish a detailed cost baseline by spring 2027. HS2 Ltd is developing updated cost and schedule estimates in phases and has sought assurance throughout, including an independent panel involving the National Infrastructure and Service Transformation Authority. However, the revised cost and schedule estimates DfT announced in May 2026 have, at this stage, a high level of uncertainty. HS2 Ltd is doing further work to develop a more robust baseline of costs and schedule by spring 2027. This includes conducting further work to test the quality of its data and assumptions. DfT and HS2 Ltd will then use this baseline to monitor delivery (paragraphs 1.8, 2.6 to 2.8 and Figure 3).

10 To reduce risk, DfT has decided that trains will not run at the very high speeds originally planned, with estimated cost savings between £1 billion and £2.5 billion. In January 2026, the Secretary of State for Transport asked HS2 Ltd to examine if running trains slower than 360 km/h could reduce cost, time and risk. HS2 Ltd has proposed running trains at 320 km/h, which is higher than speeds elsewhere on the UK network and similar to high speeds in Europe. HS2 Ltd will complete civil engineering to original specifications, but will remove a new train control system and reduce the signalling specifications. This will reduce time for testing the railway before it can be used and avoid the risk that testing might show that 360 km/h is not feasible. HS2 Ltd estimates the changes will save between £1 billion and £2.5 billion. This is an initial assessment of cost savings, which will be refined further over 2026. It may also allow HS2 Ltd to open the railway at least a year earlier than it otherwise would. There will, however, be a longer-term reduction in benefits of around £1.3 billion from slower train journeys. DfT agreed the scope changes in May 2026 (paragraphs 2.9 to 2.12).

11 DfT has re-assessed the benefit–cost ratio of continuing work on HS2 as value for money compared with cancelling the programme, but DfT will need to focus on maximising value from its investment. In May 2026, DfT revised its benefit–cost ratio for completing the programme and estimated at a high-level that it was between 1.5 and 6.4. It categorises this as ‘medium to very high value for money’. DfT has followed HM Treasury guidance in its calculation, which excluded what it has already spent and considered the alternative option of cancelling the whole programme. To do so, DfT included HS2 Ltd’s estimate of the avoided costs that would otherwise be incurred from cancellation, such as returning land back to a safe and acceptable condition. DfT told us that government’s decision to continue work was based on its advice that the benefit–cost ratio exceeded 1.5, rather than presentation of the full range. DfT also reported that, had the current estimated costs been known when work began in 2020, this would have resulted in a benefit–cost ratio of between 0.3 and 0.4, which is categorised as ‘poor value for money’. Irrespective of the technical calculation, it is key that DfT focuses on maximising the value from the HS2 programme. Doing so will require close working with central and local government. To support this, DfT has refreshed the HS2 Growth and Benefits Board and is developing a benefits strategy (paragraphs 2.13 to 2.16 and Figure 6).

Supply chain and commercial relationships

12 HS2 Ltd's initial attempts to renegotiate contracts with its supply chain were unsuccessful.

In spring 2024, HS2 Ltd began contract renegotiations. However, HS2 Ltd was not in a strong position to negotiate. It did not have a good understanding of the work of the supply chain and had not managed its contracts well enough. It also did not have a reliable estimate of the programme's total cost to inform negotiations. HS2 Ltd's approach to transferring risk to the supply chain was not seen as attractive by contractors (paragraphs 3.2 to 3.4).

13 In 2025, HS2 Ltd revised its approach and now aims to reach agreement with its supply chain later this year on an approach that better incentivises cost-effective delivery.

Its revised approach has been to agree on historical changes and actual costs to date, while improving controls for the work underway, and renegotiating the contracts for future expenditure. HS2 Ltd has undertaken work to settle and agree historic costs. This identified disallowable costs of around £500 million. HS2 Ltd's approach to negotiations for the main works civils contracts means it may pay contractors more if they complete work early and efficiently. These renegotiations are due to complete by autumn 2026, around six months later than originally planned. HS2 is developing measures it will put in place if renegotiations are not successful. It will need to develop these further in the coming months. HS2 Ltd is also renegotiating contracts for the Old Oak Common and Curzon Street stations, where costs have more than doubled. HS2 Ltd's approach to the commercial reset is aiming to save around £2 billion including by avoiding costs it would incur if work took longer (paragraphs 3.5 to 3.8).

14 DfT and HS2 Ltd are examining what trains are needed to address capacity concerns on the West Coast Main Line, with a decision expected by 2028.

HS2 Ltd agreed a contract for new trains before the cancellation of Phase 2. The cancellation means that HS2 trains will run on the existing railway north of Birmingham, where stations are too small to accommodate the planned length of trains (two 200-metre units). Running shorter trains (a single 200-metre unit) would result in a reduction in seat capacity compared with the current trains using the West Coast Main Line. HS2 Ltd and DfT are exploring the potential for longer trains. DfT intends to make a decision on what is needed on the wider network by 2028. This would allow time to vary the length of train required ahead of when they would be needed (paragraphs 3.9 and 3.10).

Organisational capability

15 HS2 Ltd has identified shortcomings in how it is set up and is seeking to address these issues as part of a reorganisation. In response to the change in scope of the programme and the problems identified in multiple reviews, HS2 Ltd examined its organisation's capability in early 2025. This included reviewing its skills, leadership and culture, and it identified several areas of concern to address. It found that HS2 Ltd had not adjusted to the significant changes in programme scope and had an organisational model that led to silo working. HS2 Ltd identified capability gaps in areas such as contract management and assurance, and that it had too few people working within delivery teams. HS2 Ltd is seeking to address these issues and to refocus the organisation on delivering Phase 1, including revising its organisational model. As part of initial changes, HS2 Ltd has appointed a new executive team and added to its commercial capability (paragraphs 4.2 to 4.4 and Figure 7).

16 HS2 Ltd is now starting to improve the capabilities it requires but will need to ensure that key capabilities are in place from spring 2027 onwards. HS2 Ltd is assessing the capabilities it will need across 10 core areas and the improvements it needs to make. This will include what people it needs as well as any revisions to its processes and systems. HS2 Ltd plans to complete assessments in autumn 2026 to ensure priority gaps are addressed by spring 2027. HS2 Ltd expects to continue to develop its capabilities after this to support later stages of the programme, such as installing and integrating the rail systems. However, some capabilities, particularly systems integration, may need to be developed earlier given their importance to managing the programme as a whole (paragraphs 4.5 to 4.7).

Governance

17 HS2 Ltd and DfT have made progress in revising HS2 programme governance, but further work is needed. The Stewart Review found that the HS2 programme's governance structure was not fit for purpose and needed a different solution. It identified a need to restore trust and improve the ways of working between DfT and HS2 Ltd. DfT has implemented over half of the Stewart Review's 28 recommendations relating to governance. This includes the creation of a Shareholder Board to reflect the importance of the government as the financial shareholder and the re-establishment of a ministerial task force. There is still further work to implement the rest of the recommendations. HS2 Ltd and DfT are conducting a review, to finish by autumn 2026, to identify areas where it can strengthen governance for the remainder of the reset and beyond. Governance should evolve to reflect the stage of the programme, so further changes may be needed in the future (paragraphs 5.2 to 5.4 and Figure 8).

18 The HS2 programme is subject to new assurance and decision-making processes following its designation as a mega-project. In 2025, the government announced changes to how it will manage mega-projects. This includes streamlined and bespoke decision-making processes and integrated assurance plans. The government also set-up the Mega Project Decision Panel. Aspects of these changes have been tested during the reset. HS2 Ltd and other stakeholders told us that the changes have reduced decision times by improving collaboration and reducing duplication across government (paragraphs 5.5 to 5.9 and Figure 8).

Reset of Euston station

19 DfT is now managing Euston as a separate programme but needs to do further work to implement this approach, including deciding if it is a separate mega-project. There are four projects underway at Euston: building a new HS2 station, redeveloping the existing railway station, improving local transport infrastructure, and commercial and housing development. We previously reported in 2023 that governance at Euston was weak, including the absence of a body with authority to make trade-off decisions.² In April 2026, DfT set up a new body, Euston Delivery Company Limited, to act as the 'single directing mind', with the Euston programme now being delivered separately from the rest of the HS2 programme. However, the company is not yet fully operational with, for example, a permanent chief executive officer yet to be appointed. DfT expects it will be fully established as a separate body in autumn 2026. DfT is developing revised governance arrangements and will need to determine how the company and a future Euston Development Corporation will work together. The government will also need to decide whether Euston should be designated as a mega-project. We have assessed that it meets most of the characteristics of one, as defined by the government (paragraphs 6.2 to 6.6 and Figures 9 and 10).

² Comptroller and Auditor General, *High Speed Two: Euston*, Session 2022-23, HC 1201, National Audit Office, March 2023.

20 DfT has agreed a high-level plan for how space will be used at Euston, but there remain key areas of scope and cost to develop. While this high-level plan is at an early stage, stakeholders report that there has been a more collaborative approach, which has led to an agreed vision and initial design. There had previously been significant disagreements. However, the scope and cost estimates for Euston are less mature than other parts of the HS2 programme. DfT estimates that works at Euston, including the station and the completion of the tunnels from Old Oak Common, will require a further £4.1 billion of public funding (mixed price base). DfT and HS2 Ltd have already spent £3.8 billion (nominal prices), meaning that total public funding for Euston is estimated to be around £8 billion (mixed price base). Total cost will be higher once the private finance that the government intends to use to deliver the station is confirmed and included. DfT plans to complete detailed designs for the HS2 Euston station and redevelopment of the conventional station and the underground station by the end of 2031. The government expects to bring in private finance through a public–private partnership in the early 2030s to finish design and deliver the HS2 station (paragraphs 6.7 to 6.10 and Figure 11).

Phase 2 closedown

21 DfT has greater certainty over what land and property from the cancelled Phase 2 section it can dispose of but has not yet developed a disposal strategy. In January 2026, the Secretary of State for Transport announced that the government would be retaining some Phase 2 land for the longer-term aim of developing a north–south line between Birmingham and Manchester. HS2 Ltd is now able to settle outstanding compensation claims related to this land. DfT has also identified land and properties between Birmingham and Leeds that are no longer needed and can be disposed of. In March 2026, DfT appointed a delivery agent to manage this large and complex programme of disposals, which includes around 350 properties that may be offered to their previous owners under Criche Down Rules. The delivery agent is advising DfT on the development of its disposal strategy. DfT expects to approve the strategy in October 2026, with initial disposals following this. The overall timeline for disposal is not confirmed, with the agent contracted until March 2029, with a possible one-year extension (paragraphs 7.4 to 7.6 and Figure 12).

22 HS2 Ltd is carrying out remediation work on temporarily held land so that it can be returned to the owners by 2028. Around ten per cent of the land HS2 Ltd acquired for Phase 2 was only needed temporarily. As this land is now no longer required, HS2 Ltd needs to return it back to the owners. In many cases, HS2 Ltd would be expected to return the land back in its original condition. There are, for example, over 500 boreholes on Phase 2 that require remediation work. This number has reduced from over 1,000 following the government's decision to retain some land. There is also work underway to remediate several sites affected by earlier activity such as utility works. HS2 Ltd expects the total cost of remediation works to now be under £40 million (2026 prices), less than half of its estimate in 2024. However, it expects to complete the work slightly later than summer 2027, as initially planned. This is due to waiting for ministerial decisions on a future north-south line to confirm the scope of the remediation work (paragraphs 7.7 and 7.8).

Conclusion

23 DfT and HS2 Ltd are resetting the HS2 programme to avoid further cost increases and delays. They are taking a considered approach, but significant work remains before they can complete the reset. In particular, they need to establish a robust baseline for cost and schedule, complete commercial renegotiations, develop plans at Euston and ensure that HS2 Ltd has the right capabilities in place. DfT and HS2 Ltd are aiming to complete the reset by spring 2027 but it is crucial that they get it right this time following past failures. They should ensure that they do not proceed with putting the plans into action until they are confident everything is in place to deliver against them.

24 With the programme now potentially costing up to £102.7 billion, DfT must also renew its focus on maximising the benefits from its expenditure on HS2. This is particularly important at Euston, which is expected to both enable HS2 trains to terminate in central London and support a wider regeneration of the area. DfT will need to work closely with other government departments and with local authorities to fully realise the benefits from the railway.

Recommendations

- a** DfT and HS2 Ltd expect to complete the reset in spring 2027, but it is essential that they ensure the programme is fully on a stable footing before the reset is complete. DfT and HS2 Ltd should review how realistic the timetable is in autumn 2026 to complete remaining work and, if necessary, revise the timetable to provide them with the additional time needed to complete the reset.
- b** As part of its reset of the organisation, HS2 Ltd should identify any critical capability gaps that, although they may be most relevant for later stages of the programme, should be addressed earlier to help with managing the programme as a whole.
- c** DfT and HS2 Ltd should ensure that they maintain a focus on cost, schedule and commercial management as they move into the next stage of the programme. This includes fully embedding lessons from the management of the main works civils contracts, as well as wider lessons from previous rail programmes on integration and the complexity of bringing a railway system together.
- d** When deciding on the HS2 train fleet and how it will integrate with the wider rail network, DfT should ensure that it aligns with the future operation of the rail network as a whole and ensure sufficient seat capacity to maximise overall benefits.
- e** DfT and HS2 Ltd should revisit the governance as the programme moves into the next stages of work to check it remains fit for purpose.
- f** In developing its benefits strategy, DfT should set out how it will work with other stakeholders to maximise the benefits from HS2, including roles for owning, delivering and reporting benefits.
- g** As part of fully establishing the new delivery approach at Euston, DfT should set out how it expects the new bodies – including the private finance partner, the delivery company and the development corporation – will work as part of that.
- h** Following completion of its strategy for the disposal of former Phase 2 land and property, DfT should confirm its expected timetable for disposals to provide more clarity to those who may be affected.

Part One

Background to the High Speed Two (HS2) programme reset

1.1 This part outlines the background to the current HS2 programme reset. It describes:

- High Speed Two Limited (HS2 Ltd) and the Department for Transport's (DfT's) approach to the reset; and
- how HS2 Ltd and DfT have responded to and incorporated recommendations from external reviews into the reset.

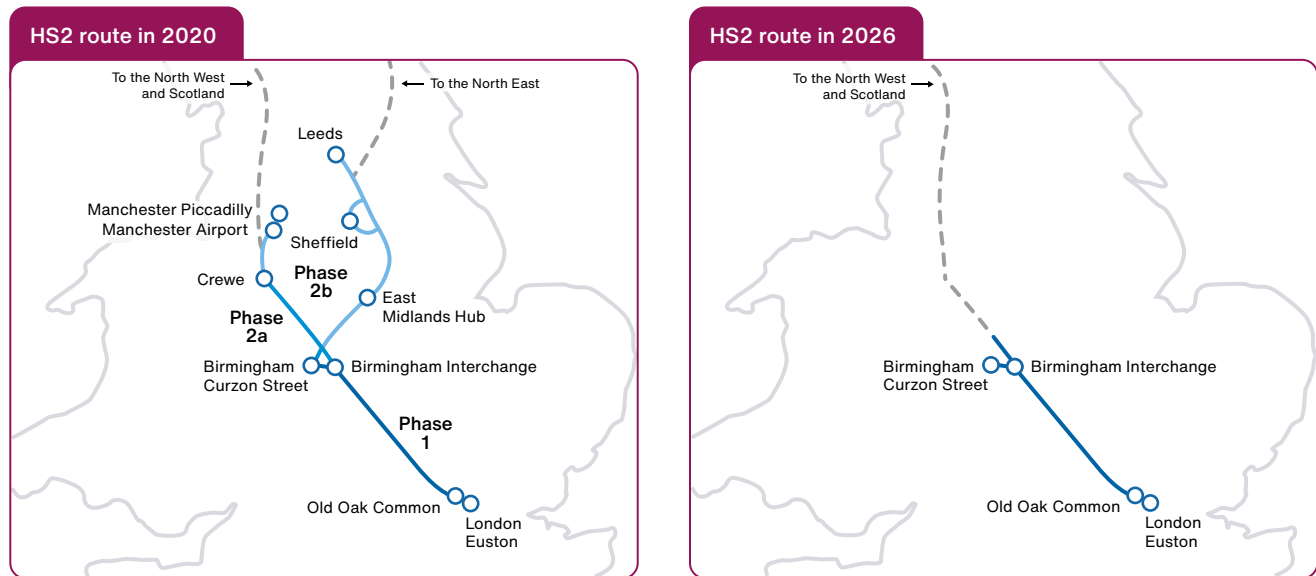
1.2 The HS2 programme aimed to build a high-speed, high-capacity railway between London and the north of England (**Figure 1**). The programme has not gone as planned. DfT and HS2 Ltd first reset the programme in 2020, and the development of Euston station in 2020 and 2023. In 2023, the government cancelled Phase 2 of the programme, which was the railway beyond Birmingham. The HS2 programme is now smaller than originally planned, while costing more and taking longer to complete. Both we and the Committee of Public Accounts have previously reported on the issues that have led to the resets.³

1.3 DfT is the programme's sponsor, responsible for funding and overseeing delivery. HS2 Ltd, an arm's-length body of DfT, is responsible for designing, building and bringing the railway into service. Euston Delivery Company Limited is a newly formed arm's-length body of DfT. It is responsible for the delivery of the HS2 station and related work at Euston, the London terminus station for the railway.

³ These include the following reports: Comptroller and Auditor General, *High Speed Two: A progress update*, Session 2019-20, HC 40, National Audit Office, January 2020; Comptroller and Auditor General, *HS2: update following cancellation of Phase 2*, Session 2024-25, HC 128, National Audit Office, July 2024; Committee of Public Accounts, *High Speed 2: Spring 2020 update*, Third Report of Session 2019-21, HC 84, May 2020; and Committee of Public Accounts, *HS2: update following the Northern leg cancellation*, Tenth Report of Session 2024-25, HC 357, February 2025.

Figure 1
The High Speed Two (HS2) route

The HS2 rail route will run from London to Birmingham, and then onwards on existing railway, and be served by four new stations



- Phase 1
- Phase 2a
- Phase 2b
- Stations
- HS2 services on existing mainline railway

Notes

- 1 In November 2021, the Department for Transport revised its plans for the Phase 2b Eastern Leg of the High Speed Two (HS2) programme as part of its Integrated Rail Plan for the North and Midlands. It set out that the HS2 railway would instead run from the West Midlands to East Midlands Parkway as HS2 East, with a study proposed to consider how HS2 trains could then run onto Leeds.
- 2 In October 2023, the previous government cancelled all of HS2 Phase 2 – Phase 2a, Phase 2b Western Leg and Phase 2b Eastern Leg.
- 3 In July 2024, the current government reintroduced the High Speed Rail (Crewe – Manchester) Bill that was intended for the Phase 2b Western Leg so that it could be repurposed for Northern Powerhouse Rail, a separate rail programme between Liverpool and Manchester to the west, and Leeds, York and other cities to the east of the Pennines.
- 4 In January 2026, the government announced it would retain land obtained for Phase 2a for a future north-south line.

Source: National Audit Office analysis of Department for Transport documents

1.4 The HS2 programme is in a stage of work that focuses on the civil engineering – designing and constructing tunnels, stations, viaducts, cuttings and embankments for the railway. Progress of this work varies along the route, with some parts completed, such as the Colne Valley viaduct, while other works such as the tunnels into Euston having recently begun in early 2026. Future stages will include:

- installing track, signalling and power;
- integrating the systems to the right performance and safety standards; and
- preparing and testing for running passenger services.

1.5 HS2 Ltd's focus is now on completing the railway between London and Birmingham, including three of the four stations. The fourth station, the London terminus at Euston, and the works north of Birmingham to allow HS2 trains to join and run along the West Coast Main Line, will be completed by Euston Delivery Company Limited and HS2 Ltd at a later stage.

Approach to the reset

1.6 In March 2025, shortly after taking up post, the chief executive of HS2 Ltd concluded an assessment of the HS2 programme. This found that the organisation had failed to control costs and deliver to schedule. This was as a result of construction works having commenced too soon and the contracts not leading to expected performance. It also found that HS2 Ltd had not been set up to effectively manage delivery. The assessment also identified four priority areas that were still affecting the programme and the ability of HS2 Ltd and DfT to deliver it into the future. These related to cost and schedule; commercial relations and supply chain; capability and culture; and governance.

1.7 This work has informed the creation of four workstreams to support the reset of the HS2 programme (**Figure 2**). The aim of the reset is to get the programme on a solid footing that will allow it to complete the railway to a revised cost and schedule.

1.8 The reset programme began in January 2025, and HS2 Ltd expects to complete it in spring 2027. HS2 Ltd estimates it will spend £153 million on the reset (in nominal prices), having spent £101 million by the end of March 2026. HS2 Ltd uses additional resources to conduct the reset alongside continued delivery of the programme. DfT and HS2 Ltd designed the reset programme to go through five key stages (**Figure 3** on page 18). HS2 Ltd and DfT are confident they can largely complete these workstreams by spring 2027. However, it is essential that they take the time necessary to finish the work, particularly around costs and schedule. This aligns with a key lesson from our report on resetting major programmes.⁴

⁴ Comptroller and Auditor General, *Lessons learned: Resetting major programmes*, Session 2022-23, HC 1198, National Audit Office, March 2023.

Figure 2

High Speed Two Limited's (HS2 Ltd's) and the Department for Transport's (DfT's) High Speed Two (HS2) programme reset workstreams

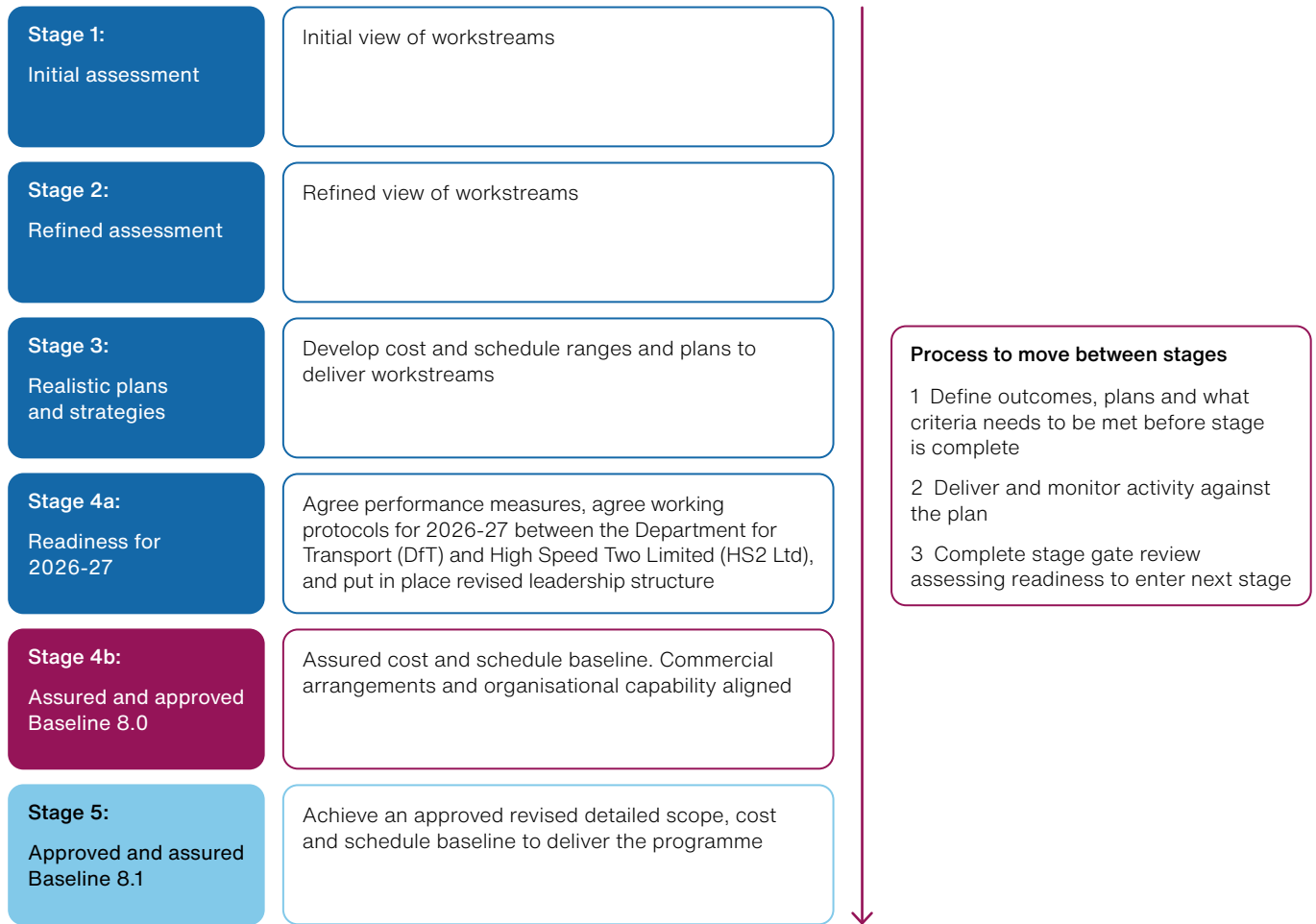
HS2 Ltd and DfT created four workstreams, each with its own key area of focus, to support the reset of the HS2 programme

Workstream and key area of focus	What the workstream aims to achieve
Programme reset – cost and schedule	To establish a refreshed delivery strategy and a fully assured and endorsed baseline for the HS2 programme. This work informs the other workstreams.
Supply chain reset – supply chain and commercial relationships	To transform the HS2 supply chain relationship through the development and implementation of new, cost-effective commercial models, ensuring collaboration and shared risk management to deliver the revised programme baseline.
Organisation reset – organisational capability and culture	To design and implement a high-performing HS2 Ltd organisation with a collaborative culture and the necessary capabilities and resources to deliver the revised programme baseline.
Operating environment – governance	To create a collaborative and transparent operating environment between HS2 Ltd, the DfT, and wider government, characterised by clear roles and responsibilities and robust governance structures. This is to enable efficient decision-making and effective programme delivery.
Outside of the workstreams	
Euston Phase 2 closedown	The four workstreams are focused on HS2 Ltd's responsibilities in delivering the HS2 railway, and do not directly cover areas such as Euston station and the closedown of Phase 2 activity.

Source: National Audit Office analysis of High Speed Two Limited documents

Figure 3
The stages of the High Speed Two (HS2) programme reset

The HS2 programme reset is moving through five stages of activity, with a review at each stage to ensure the work is ready to progress to the next stage



- Completed stages
- Current stage
- Future stage

Notes

- 1 The aim of High Speed Two Limited (HS2 Ltd) and the Department for Transport (DfT) is for the HS2 programme reset to complete stage 5 by spring 2027. HS2 Ltd has continued with construction of the railway in parallel with the reset.
- 2 In April 2024, DfT formally notified HS2 Ltd that it was in performance default under their Development Agreement as it had been unable to meet agreed performance targets. This has led to increased oversight and intervention from DfT. HS2 Ltd can exit from performance default when it can demonstrate sufficient competence, capability and reliability to meet its cost and schedule commitments, which DfT and HS2 Ltd expect to be achieved following the completion of the reset.

Source: National Audit Office analysis of High Speed Two Limited documents

Incorporating recommendations from external reviews into the reset

1.9 HS2 Ltd and DfT are using the reset to embed lessons and recommendations. This includes those from the Stewart Review, which was commissioned by DfT to assess the governance and assurance of major infrastructure projects.⁵ It also includes recommendations from the National Infrastructure and Service Transformation Authority, the National Audit Office (NAO), and the Committee of Public Accounts following the Phase 2 cancellation in October 2023. DfT and HS2 Ltd have a structured and formal process to track recommendations. The recommendation themes include governance; cost and schedule management; benefits; capability; commercial and Euston station planning.

1.10 As of February 2026, DfT and HS2 Ltd reported the following.

- There were 124 recommendations accepted from four external reviews, of which 77 are from the Stewart Review.^{6,7}
- They had implemented 45 (36%) recommendations, including 31 from the Stewart Review. DfT and HS2 Ltd have made the most progress on governance, while, for example, all recommendations related to Euston are still being implemented as part of its reset.
- DfT and HS2 Ltd expect all but one of the 124 recommendations to be implemented by spring 2027 as part of completing the reset, with the last one by autumn 2027.

5 J Stewart, *Stewart Review – Major Transport Projects Governance and Assurance Review: The HS2 Experience*, June 2025.

6 The Stewart Review also made 12 recommendations aimed at improving the wider government system for delivering major transport infrastructure. These recommendations are being taken forward outside of the HS2 programme, such as by the National Infrastructure and Service Transformation Authority and HM Treasury.

7 DfT rejected two recommendations from the Committee of Public Accounts, which are not being tracked. These related to providing updates about commercial renegotiations. While DfT agreed with the recommendations' substance it disagreed with the proposed completion dates.

Part Two

Cost and schedule

2.1 This part examines the High Speed Two (HS2) programme reset workstream on cost and schedule. We examine:

- the revised cost and schedule estimates;
- High Speed Two Limited (HS2 Ltd) and the Department for Transport's (DfT's) approach to assuring the cost estimates;
- the review of HS2 train speeds commissioned by the government to explore cost savings on the programme; and
- DfT's revised benefit–cost ratio for the HS2 programme.

2.2 As at the end of March 2026, DfT and HS2 Ltd have spent a total of £46.8 billion (in nominal prices) on the programme. This includes £2.6 billion on Phase 2.

Revised cost and schedule estimates

2.3 In May 2026 DfT announced an updated estimate of the cost of completing the revised HS2 programme. It is now estimated to cost between £87.7 billion and £102.7 billion (mixed price base).⁸ HS2 Ltd aims to deliver the programme within this range at £93.2 billion. When we reported in 2024 the funding envelope for the programme was £44.6 billion (2019 prices), although both DfT and HS2 Ltd recognised it would be impossible to deliver within budget.

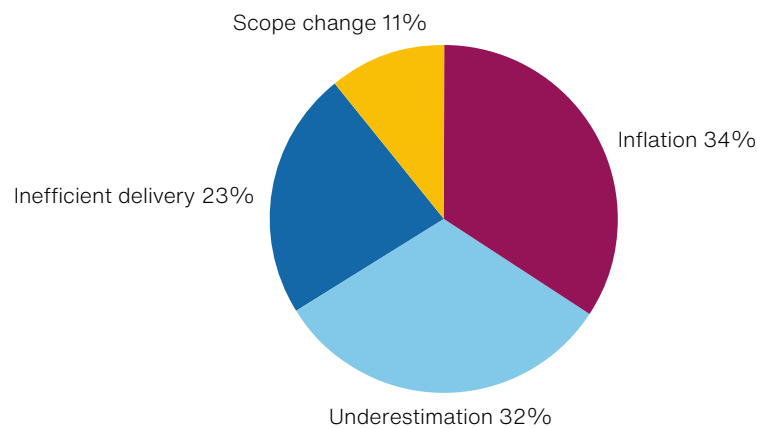
2.4 DfT's 2020 estimate for delivering the HS2 programme was £35 billion to £45 billion (2019 prices). HS2 Ltd has assessed that, for comparability, their May 2026 revised estimate would equate to between £70.9 billion and £82.2 billion in 2019 prices. This means there has been an increase in costs of between £35.9 billion and £37.2 billion, excluding inflation, which is over 100% at the lowest end of the cost estimates. **Figure 4** shows the key factors that HS2 Ltd has identified as leading to cost increases.

⁸ The mixed price base includes spend to end of September 2025 in nominal prices and future forecast costs in 2025 prices, excluding future inflation.

Figure 4

The key factors contributing to the cost increases on the High Speed Two (HS2) programme between High Speed Two Limited's (HS2 Ltd's) estimates in 2020 and 2026

HS2 Ltd has assessed that 66% of cost increases are due to factors other than inflation, including underestimation of costs

**Notes**

- 1 This figure sets out the key factors that HS2 Ltd has identified as leading to the cost increase of £48.6 billion. This is the difference between the £44.6 billion (2019 prices) approved funding envelope for the programme in 2020 and the £93.2 billion that HS2 Ltd is seeking to deliver the programme to as at May 2026 (based on a mixed price range of actual spend in nominal terms and the cost of future works in 2025 prices, excluding future inflation). As the price bases are different, inflation has been included in this calculation as a factor to the cost increase.
- 2 HS2 Ltd's ambition to deliver the programme at a cost of £93.2 billion is within the revised cost estimate range of between £87.7 billion and £102.7 billion that the Department for Transport announced in May 2026.
- 3 HS2 Ltd has defined the key factors for the cost increase:
 - Scope change: the addition of necessary works that were missed from the original scope, such as on main civil engineering works.
 - Underestimation: underestimating the time and cost to complete work on building and testing the railway.
 - Inefficient delivery: work completed inefficiently with poor productivity.
 - Inflation: increase in costs arising from higher than expected levels of inflation.
- 4 We have not audited the calculations and evidence underpinning these cost estimates.

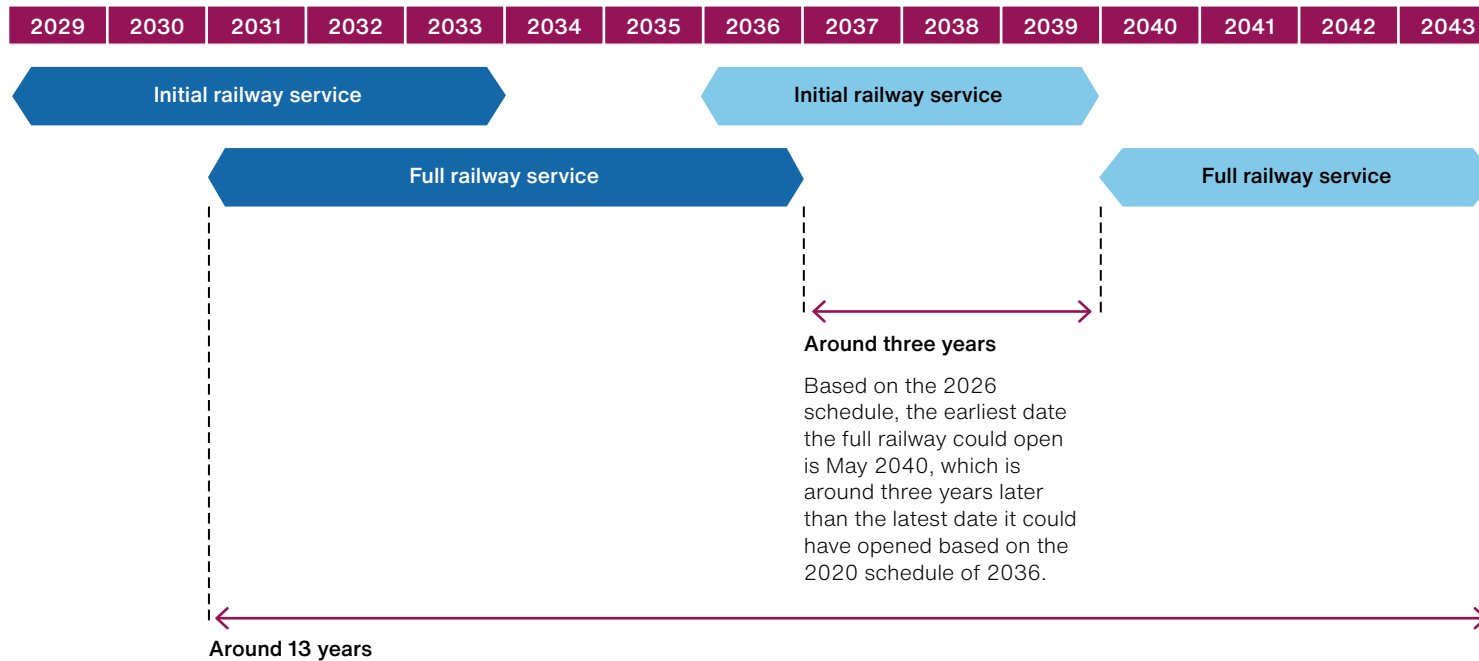
Source: National Audit Office analysis of Department for Transport and High Speed Two Limited data

2.5 HS2 Ltd now expects initial services between Old Oak Common in west London and Birmingham will start operating between May 2036 and October 2039. Then, following the completion of the full railway, HS2 Ltd expects services from London Euston through to the north of Birmingham, to join the West Coast Main Line, will start between May 2040 and December 2043. DfT had previously planned in 2020 that services on the full railway would start operating between 2031 and 2036. This means that DfT now expects to operate full railway services between around three and 13 years later than originally planned (**Figure 5** overleaf).

Figure 5

Changes in the planned High Speed Two (HS2) opening schedule between the Department for Transport's (DfT's) 2020 and 2026 estimates

DfT now expects the full railway between London and Birmingham to open between around three and 13 years later than it planned in 2020¹



- 2020 schedule
- 2026 schedule

Notes

- 1 We have calculated the schedules based on the earliest and latest points the full railway could open based on DfT's and HS2 Ltd's 2020 and 2026 estimates.
- 2 Initial railway services will operate between Old Oak Common station in west London and Birmingham.
- 3 Services on the full railway will operate between Euston, as the central London terminus, and north of Birmingham where the High Speed Two railway will join the West Coast Main Line.
- 4 We have not audited the calculations and evidence underpinning these schedule estimates.

Source: National Audit Office analysis of Department for Transport documents

Developing and assuring the cost estimates

2.6 HS2 Ltd has been updating its cost and schedule estimate through a phased approach (as described in paragraph 1.8 and Figure 3). Starting with an initial assessment in early 2025, HS2 Ltd has since worked to develop what it and DfT consider to be credible revised estimates. This is based on assumptions agreed with DfT on the scope of the programme. HS2 Ltd developed these estimates through breaking the programme down into 21 projects. It reviewed the scope, schedule, cost and risk of each individually before consolidating these together. It then tested these estimates against a set of scenarios to establish the expected ranges for cost and schedule.

2.7 These estimates, announced by DfT in May 2026, still have a high level of uncertainty. HS2 Ltd is working towards a fully assured and endorsed revised baseline to monitor delivery of the programme. It is aiming for an initial version by autumn 2026 and then a final version by spring 2027. HS2 Ltd's work between now and spring 2027 will include validating assumptions, testing the quality of the underlying data (including with its contractors) and identifying and addressing any gaps or inconsistencies in the work done. It will also focus on how the individual projects integrate together so HS2 Ltd can identify and manage all interdependencies.

2.8 HS2 Ltd has set up an assurance framework to scrutinise cost and schedule estimates used in developing the ranges and baseline, and the methods used to develop them. HS2 Ltd has sought assurance at project and programme level using internal and external experts. It has used external assurance reviews to address issues while estimation work has been underway rather than at the end. This has been conducted through independent panels, including DfT's project representative, the National Infrastructure and Service Transformation Authority and independent experts.

Review of HS2 train speeds and specification

2.9 In January 2026, the Secretary of State for Transport asked HS2 Ltd to examine the cost savings, schedule improvements and risk reduction from running slower trains. The trains were planned to run routinely at 330 km/h with a maximum of 360 km/h. The current maximum commercial passenger speed on the UK conventional rail network is 200 km/h, and High Speed One runs at 300 km/h.

2.10 Following a review, HS2 Ltd proposed running trains up to a maximum speed of 320 km/h, similar to maximum current speeds elsewhere in Europe.⁹ By doing so, HS2 Ltd considers that it would make savings from avoiding the cost and time required to test that the trains and railway could safely operate at the higher speed. As the civil engineering work is already underway, HS2 Ltd will complete this work to the original specifications designed to support the 360 km/h trains.

⁹ The Government of Spain announced in late 2025 that it would look to increase some train speeds to 350 km/h.

2.11 The review also considered other scope options to further simplify the specifications and reduce cost, time and risk. HS2 proposed removing automatic train operation, which has not been used elsewhere. Removing this means that HS2 Ltd can also reduce the signalling system specification and instead use a version already proven elsewhere. DfT and HS2 Ltd also identified that there was a risk they could spend time and money to test operating the railway safely at 360 km/h, but find it not feasible and have to reduce the maximum speed as a result. DfT agreed to these scope changes in May 2026.

2.12 HS2 Ltd assessed that these scope changes could allow an estimated cost saving of between £1 billion and £2.5 billion. It could also enable the opening of the railway at least a year earlier than if the scope remained the same. Any cost savings will be offset by a loss in longer-term benefits of around £1.3 billion from slower train journeys. If savings are not achieved as planned, the loss in benefits could outweigh the cost reductions. However, this is an initial assessment of cost savings, which will be refined further over 2026.

Revised benefit-cost ratio for the HS2 programme

2.13 In May 2026, DfT's permanent secretary published their Accounting Officer Assessment of the HS2 programme. This followed the revised cost and schedule estimate. The benefit-cost ratio for completing the programme has increased despite the programme getting more expensive (**Figure 6**). DfT now estimates at a high-level that the benefit-cost ratio for completing the programme is between 1.5 and 6.4. It categorises this as 'medium to very high value for money'. DfT's assessment follows HM Treasury Green Book guidance, in particular:

- only including future costs and benefits so excluding money already spent; and
- considering the alternative option of cancelling the whole programme. DfT included as part of its benefit-cost ratio calculation the cost of cancellation, which would be avoided by continuing with the programme. That avoided cancellation cost includes work to return sites to a safe and acceptable state before disposal and paying compensation for terminating contracts.

Figure 6

The Department for Transport's (DfT's) benefit-cost ratio (BCR) for the High Speed Two (HS2) programme has changed over time

The BCR for completing the HS2 programme has improved over time despite it becoming more expensive

Date	Benefit-cost ratio (BCR) ^{1,2}	Description
2020 – Phase 1 full business case at notice to proceed	1.2: low value for money	<p>Future costs were based on DfT's cost estimate of £35 billion to £45 billion (2019 prices) and excluded sunk costs of spend to the end of December 2019.</p> <p>The Accounting Officer Assessment at this time highlighted that Phase 1 would enable the delivery of the rest of the HS2 network and other rail projects. At that time, DfT calculated that the full HS2 programme, including all of Phase 2, had a BCR of 1.5.</p>
2023 – following cancellation of Phase 2	1.1 to 1.8: low to medium value for money ³	<p>Future costs were based on DfT's cost estimate of £45 billion to £54 billion (2019 prices) and excluded sunk costs of spend to the end of September 2023 of £24.6 billion (2019 prices).</p> <p>DfT estimated that remediation costs on Phase 1 if it were cancelled would be around £11 billion and included the avoidance of these costs as a deduction from the future costs in the calculation. This followed HM Treasury guidance as the decision was to proceed with Phase 1 or cancel the whole programme.</p>
2026 – following revised cost and schedule	1.5 to 6.4: medium to very high value for money ⁴	<p>DfT calculated the BCR on a similar basis to 2023 but with revised data and assumptions. It is a high-level estimate, which DfT and HS2 Ltd would need to undertake further work on to be confident of what the upper range will be.</p> <p>Future costs of between £46.8 billion and £61.7 billion (2025 prices) are based on the cost estimate of £87.7 billion to £102.7 billion (mixed price base)⁵ and excluded sunk costs of spend to the end of September 2025 of £40.9 billion (nominal prices).</p> <p>High Speed Two Limited (HS2 Ltd) estimates that remediation costs on Phase 1 would now be £33 billion to £58 billion, comparable with the cost of completing Phase 1. However, HS2 Ltd reports that these costs are a high-level estimate, with significant uncertainty.</p> <p>DfT estimates that the value of other benefits has fallen by around 15% compared with 2023. DfT is undertaking work to revise the baseline for benefits.</p>
2026 – assuming revised costs were known in 2020	0.3 to 0.4: poor value for money	DfT has reported the BCR if current estimated costs were known in 2020 when the government gave HS2 Ltd notice to proceed with the detailed design and construction of Phase 1.

Notes

- 1 The categorisations of value for money are taken from the Department for Transport's (DfT's) BCR assessment guidance.
- 2 DfT follows HM Treasury guidance in calculating BCRs using future costs and benefits only excluding money already spent.
- 3 DfT's initial estimate in October 2023 was 1.2–1.8 but it was revised it to 1.1–1.8 following further assurance work.
- 4 DfT's calculations of the 2026 BCRs exclude the impact from its May 2026 decision to reduce the maximum operating speed of the HS2 trains. It plans to include the impact as part of a future assessment alongside a fully revised baseline for the programme.
- 5 The mixed price base for DfT's 2026 estimate includes spend to end of September 2025 in nominal prices and future forecast costs in 2025 prices, excluding future inflation.
- 6 Costs may not sum due to rounding.
- 7 We have not audited the calculations and evidence underpinning these calculations.

Source: National Audit Office analysis of Department for Transport documents

2.14 HS2 Ltd's estimate of the cost to cancel HS2 has more than quadrupled compared with 2023 and is now comparable to the future cost of completing the programme. This has been a significant factor in why the benefit–cost ratio has increased as it is deducted from future costs. This leads to a lower net cost being used in the calculation. The estimate also reflects changes in HS2 Ltd's assessment since 2023 such as the data and assumptions it has used in estimating the avoided costs. HS2 Ltd has also undertaken further construction work, which has both added to the amount of work that would potentially be required as part of cancellation and reduced the amount of work that still needs to be done to complete. However, HS2 Ltd reports that the avoided costs remain a high-level estimate, with significant uncertainty. There are no comparable benchmarks to use for the cost of cancelling a programme of this scale. DfT told us that government's decision to continue work was based on its advice that the benefit-cost ratio exceeded 1.5, rather than presentation of the full range.

2.15 DfT expects that the programme will also enable wider economic benefits, which are not included in the benefit–cost ratio. These include development and housing opportunities around the stations. HS2 Ltd estimates that HS2 could support a £10 billion economic uplift in the West Midlands with 30,000 new jobs and 41,000 new homes over the next 10 years. A similar economic uplift is predicted at Old Oak Common, with 18,000 jobs and 22,000 homes. HS2 Ltd is also working to identify potential land for early release around the stations to bring forward housing and commercial development opportunities. While DfT and HS2 Ltd are refreshing the programme benefits, they have not yet been subject to the same assurance and rigour as cost and schedule under the reset.

2.16 Work to deliver these wider benefits will need to involve other central government and local government bodies. To ensure that all bodies work together and that there is alignment with other growth projects, effective cross-government arrangements will need to be in place. To support this, DfT has refreshed the HS2 Growth and Benefits Board, which includes the Ministry of Housing, Communities & Local Government, the Department for Business & Trade and Homes England representatives. It is also developing a benefits strategy. As we have reported previously, it can take time and additional investment to realise value from major projects.¹⁰ It is important that in its benefits strategy, DfT sets out how it will work with other stakeholders to achieve the benefits from HS2, including roles for owning, delivering and reporting benefits.

¹⁰ Comptroller and Auditor General, *Lessons learned: Delivering value from government investment in major projects*, Session 2023-24, HC 554, National Audit Office, February 2024.

Part Three

Commercial reset

3.1 This part examines the High Speed Two (HS2) programme reset workstream relating to the commercial reset (supply chain and commercial relationships).

We examine:

- High Speed Two Limited's (HS2 Ltd's) renegotiation of main work civil engineering and stations contracts; and
- HS2 Ltd and the Department for Transport's (DfT's) approach to procuring the trains needed.

Main work civils and stations contracts

3.2 HS2 Ltd has contracts with four joint ventures for the main civil engineering work required on Phase 1. This includes the design and construction of tunnels, bridges, embankments, and viaducts along the route. Cost overruns on these contracts have been one of the main reasons for cost increases on the programme. We set out in our previous report that in September 2023 HS2 Ltd estimated that the forecast cost of main civil construction work alone had increased by £6 billion (2019 prices) since 2020.¹¹ HS2 Ltd had not achieved the cost performance it expected through its contracts. Its incentives to control costs and improve productivity had not worked as intended.

3.3 In spring 2024, HS2 Ltd began contract renegotiations with the joint ventures delivering the main civil construction work. Its focus was on fixing costs, improving control of future spend, and reducing cost where possible. HS2 Ltd intended the negotiations would achieve improved cost predictability and minimise costs to the taxpayer.

3.4 HS2 Ltd was not in a strong position to negotiate. It did not have a good understanding of the costs incurred to date and had not managed its contracts well enough to agree those costs with the joint ventures quickly enough. In 2024, HS2 Ltd did not have a reliable estimate of the total cost of the programme from which to inform negotiations. HS2 Ltd's approach in negotiations was to attempt to transfer risk to the joint ventures. This was not an attractive proposition to the joint ventures. While HS2 Ltd made some progress, these negotiations failed.

¹¹ Comptroller and Auditor General, *HS2: update following cancellation of Phase 2*, Session 2024-25, HC 128, National Audit Office, July 2024.

3.5 In April 2025, HS2 Ltd established a renewed and more comprehensive commercial reset.¹² Its revised approach focused on a set of key actions.

- **Agree on historical changes and actual costs to date:** This work provides the basis to agree that costs and changes to delivery have been in line with contracts, which allows joint ventures to confidently report profits and helps HS2 Ltd to estimate the final costs. In March 2025, HS2 Ltd had a large backlog in agreeing costs and settling change events. The backlog for completing cost verification for main works civils and station contracts averaged 21 months and was close to £5 billion in costs.¹³ HS2 Ltd undertook cost verification audits of this backlog between April 2025 and September 2025. Since this exercise, HS2 Ltd now conducts cost verification activities on a quarterly basis. HS2 Ltd and main works civil contractors have identified around £500 million in disallowable costs (across main works civils and stations contracts), as at May 2026, where they found expenditure to be outside the scope of the contracts or lacked records.¹⁴
- **Improve controls and processes for the work that is underway:** HS2 Ltd has created a central function to coordinate cost assurance activities and has introduced standardised procedures for tracking changes in work. It is also investing in technology to process faster and larger volumes of data.
- **Renegotiate the contracts for future expenditure:** This is informed by the revised cost and schedule estimates. HS2 Ltd's approach to negotiations for the main works civils contracts means it may pay contractors more if they complete work early and efficiently. HS2 Ltd is in negotiation and aims to reach a settled outcome by autumn 2026. HS2 Ltd's approach to the commercial reset is aiming to save around £2 billion including by avoiding costs it would incur if work took longer. It also aims to provide greater certainty on cost and schedule.

3.6 Given the time left on the main works civils contracts the opportunity to avoid risks and save costs is diminishing rapidly. HS2 Ltd set a timetable so that it would reach agreement before financial year 2026-27. This timetable has now slipped, with renegotiations expected to be complete by autumn 2026.

3.7 HS2 Ltd told us that, in the event of no agreement, it has identified measures to better manage contracts. These relate to improving controls; developing capacity and capabilities; and increasing delivery pressure. This is enabled by a clearer view on remaining work and schedule. This approach will need to be developed further in the coming months.

¹² The commercial reset is wider than just the main works civils contracts, it is also covering rolling stock, rail systems and stations.

¹³ The cost verification backlog of individual contracts ranged from six to 60 months.

¹⁴ Where any disallowed costs have been identified, HS2 Ltd makes an adjustment to expenditure and seeks to recover these from contractors.

3.8 HS2 Ltd recognises that there has been insufficient focus on HS2 stations and is aiming to renegotiate station contracts by autumn 2026. Curzon Street and Old Oak Common stations are behind schedule, with expected costs now more than double previous estimates in 2020 – from £0.6 billion to £1.3 billion for Curzon Street and from £2.0 billion to £4.3 billion for Old Oak Common (mixed price base).¹⁵ This is due to factors such as immature design, underestimated complexity, site constraints, and replanning. In the case of the Interchange Station, failure to agree a price has delayed starting construction. HS2 Ltd is renegotiating the contracts for Curzon Street and Old Oak Common and developing the commercial strategy for the Interchange contract which is at an earlier stage.

Train contracts

3.9 HS2 Ltd awarded a contract for trains in 2021. The cancellation of Phase 2 in 2023 means that trains will run on the existing railway north of Birmingham. However, the stations on the existing West Coast Main Line railway are smaller than the HS2 stations that were planned. Therefore, the platforms are too small to accommodate the HS2 trains running with two 200-metre units as was originally planned. If HS2 trains operate as a single 200-metre unit, they would carry fewer passengers than the trains which currently run on the West Coast Main Line. In addition, the new trains will not be able to go as fast as the current Pendolino trains on certain sections of the track. A reduction in the length of the trains, and in turn seat capacity, will impact on the programme's benefits and the wider rail network.

3.10 HS2 Ltd and DfT are now looking at options for including longer trains in the fleet. They expect to make a final decision on the number and length of units needed by 2028, to coincide with wider DfT decisions on trains for the whole of the West Coast Main Line. They have assessed that agreeing any change in train length by 2028 would allow the supply chain to adjust and deliver trains when they are needed. In the meantime, they are reviewing how this and recent scope changes (for example, removal of automatic train operation), impact the current contract and the next steps they need to take as part of the commercial reset.

¹⁵ The mixed price base includes spend to end of September 2025 in nominal prices and future forecast costs in 2025 prices, excluding future inflation.

Part Four

HS2 re-organisation

4.1 This part examines the High Speed Two (HS2) programme reset workstream relating to changes to its organisation. We examine:

- High Speed Two Limited's (HS2 Ltd's) assessment of capability gaps and organisational model; and
- capability gaps HS2 Ltd needs to fill by the end of the reset.

Assessment of capability gaps and organisational model

4.2 In early 2025, HS2 Ltd reviewed its organisation's capability, including skills, leadership and culture. This work drew on findings from earlier reviews, including an internal strategic review in autumn 2023 alongside external ones such as the Stewart Review. Completed in March 2025, this latest review identified several areas of concern to address, including the following.

- The organisation had not adjusted to the significant changes in programme scope and operating environment. This included too many people in the centre of the organisation, with too few working within front line teams.
- There were capability gaps in areas such as commercial and contract management and systems integration.
- The organisational model focused on aspects of the programme leading to silo working.
- An over reliance on complex processes and a lack of trust in the integrity of data.
- There was a perceived lack of leadership and accountability for failures on the programme.

4.3 HS2 Ltd is seeking to address the issues identified in the review. It aims to refocus the organisation on delivering Phase 1 in a way that is cost effective and safe, and with an operating model that fully supports this. It has established a vision for HS2 Ltd to become "a respected delivery organisation in the UK major programmes portfolio", focused on precision, performance, efficiency and safety.

4.4 HS2 Ltd has been developing a revised organisational model for how it will deliver the programme and address some of the issues identified (**Figure 7** overleaf). This includes putting in place an overarching programme management function to be responsible for delivery of, and integration between, the infrastructure projects. It is also changing how services, such as commercial, will directly support projects to avoid silo working. HS2 Ltd has already made some changes during 2025-26 as it has been developing this new model. It has a new executive team in place as at April 2026, including new posts of chief programme officer and chief commercial officer. HS2 Ltd has also been strengthening its commercial capability within delivery teams.

Capability gaps HS2 Ltd needs to fill by the end of the reset

4.5 As part of the next stage of its reorganisation, HS2 Ltd is now undertaking work to define and assess the level of capabilities it will require and the improvements it needs to make to achieve that. HS2 Ltd is conducting this work across 10 core areas.

- Project management.
- Programme controls.
- Commercial management.
- Finance.
- Engineering and design.
- Quality and assurance.
- Safety.
- Integration.
- Strategic planning.
- Stakeholder management.

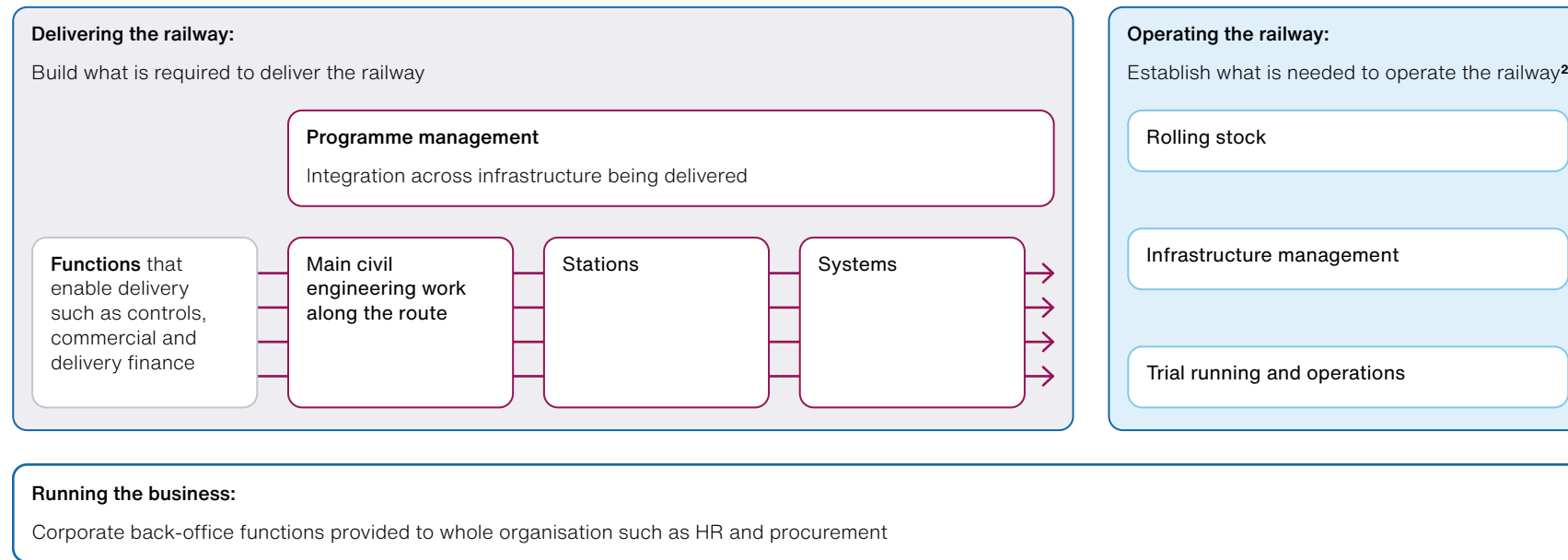
4.6 In defining its capabilities, HS2 Ltd will need to determine what it requires in each of these areas to be able to manage the programme successfully through to completion. This will include considering what people it needs, as well as any revisions to its processes and systems.

4.7 HS2 Ltd plans to prioritise addressing the key capabilities it needs by the end of the reset in spring 2027 to support ongoing management of the main civil construction work. It expects to complete its assessments of all 10 areas in autumn 2026. This is to understand what improvement actions it will need to take and what to prioritise in order to implement them by spring 2027. HS2 Ltd plans to address the remaining capability gaps needed to support later stages of the programme after spring 2027, such as installing and integrating the rail systems. However, HS2 Ltd's independent assurance panel recommended in April 2026 that some work be brought forward, given their importance to managing the programme as a whole, such as around systems integration.

Figure 7

High Speed Two Limited's (HS2 Ltd's) planned operational model for the organisation as at March 2026

HS2 Ltd has revised its operational model with delivery of the railway projects now integrated and supported together to avoid silo working¹



□ Key parts of HS2 Ltd business

→ Functions that enable delivery of railway cut across key programmes of work to avoid silos

Notes

1 The model presented is at a high-level and does not include all parts of HS2 Ltd's business and the functions that it operates.

2 The railway operations part of HS2 Ltd is to be designed for potential incorporation into Great British Railways when HS2 Ltd closes. Great British Railways is a new organisation that DfT is creating to bring together track and train operations under a single public body.

Source: National Audit Office analysis of High Speed Two Limited documents

Part Five

Governance

5.1 This part examines the High Speed Two (HS2) programme reset workstream relating to governance. We examine:

- High Speed Two Limited (HS2 Ltd) and the Department for Transport's (DfT's) revised governance of the HS2 programme; and
- mega-project assurance and decision-making processes the government has put in place.

Revised governance of the HS2 programme

5.2 The June 2025 *Stewart Review* found that the HS2 programme's governance structure was not fit for purpose and it needed a different solution.¹⁶ It identified the need to simplify governance and reduce duplication. The review also found the need to restore trust and improve the ways of working between HS2 Ltd and DfT.

5.3 DfT has implemented over half of the Stewart Review's 28 recommendations relating to governance. These include the following.

- Establishing a Shareholder Board in May 2025. This joint forum between HM Treasury, DfT and HS2 Ltd reflects the importance of the government as the financial shareholder. It aims to review the overall progress of the programme against its scope, cost and schedule parameters. It will also provide assurance that HS2 Ltd has government approvals and resources to deliver the programme.
- Re-establishing a Ministerial Task Force, which met three times in 2025-26. Previously this had been functioning intermittently. Its role is to serve as a forum for collaboration and problem solving at a government wide level.
- Replacing the Sponsor Board with a Programme Performance Board, established in May 2025, with greater focus on performance and delivery.

¹⁶ J Stewart, *Stewart Review – Major Transport Projects Governance and Assurance Review: The HS2 Experience*, June 2025.

- Improving the relationship and ways of working between DfT and HS2 Ltd. Throughout the reset they have taken a more collaborative approach, for example the two organisations coming together in the Strategic Reset Oversight Group.
- Updating the terms of reference for the HS2 Ltd Board to clarify its role. Appointing six new non-executive directors with experience on major projects.

5.4 There is still further work to implement the rest of the recommendations and embed and refine the new governance approach (**Figure 8**). DfT and HS2 Ltd are currently carrying out a review on how governance can be strengthened for the remainder of the reset and beyond. The review is set to conclude by autumn 2026. As the reset completes in spring 2027, DfT and HS2 Ltd will formalise governance changes through a new development agreement. This, together with an updated framework document, will set out the controls environment and operational relationship. Governance should evolve to reflect the stage of the programme, so further changes may be needed in the future.

Mega-project assurance and decision-making

5.5 Our report *Lessons learned: Governance and decision-making on mega-projects* set out recommendations to improve the governance of mega-projects.^{17, 18}

Following this and informed by a study led by the Office for Value for Money in 2025, the government announced five changes to how it will manage mega-projects. This includes streamlined and bespoke decision-making processes and integrated assurance plans. Government has designated the HS2 programme as a mega-project.

5.6 Previously the decision-making processes for HS2 Ltd had developed into a complex system which slowed progress and failed to prevent poor outcomes. Decisions on HS2 were subject to HS2 Ltd's internal assurance and governance arrangements ahead of approval points within DfT, a review by the Infrastructure and Projects Authority, and finally approvals from Cabinet Office and HM Treasury, often sequentially. This process could take to up to nine months with few significant changes.

5.7 Since May 2025, HS2 Ltd has begun changing its assurance approach. It has reinstated the Integrated Assurance Group to help reduce multiple and duplicative assurance processes. It has also produced a draft integrated audit and assurance plan. However, HS2 Ltd recognises there is more work to do to develop both the group and the plan so that they provide a strategic and complete overview of the assurance landscape that can be reviewed and acted on.

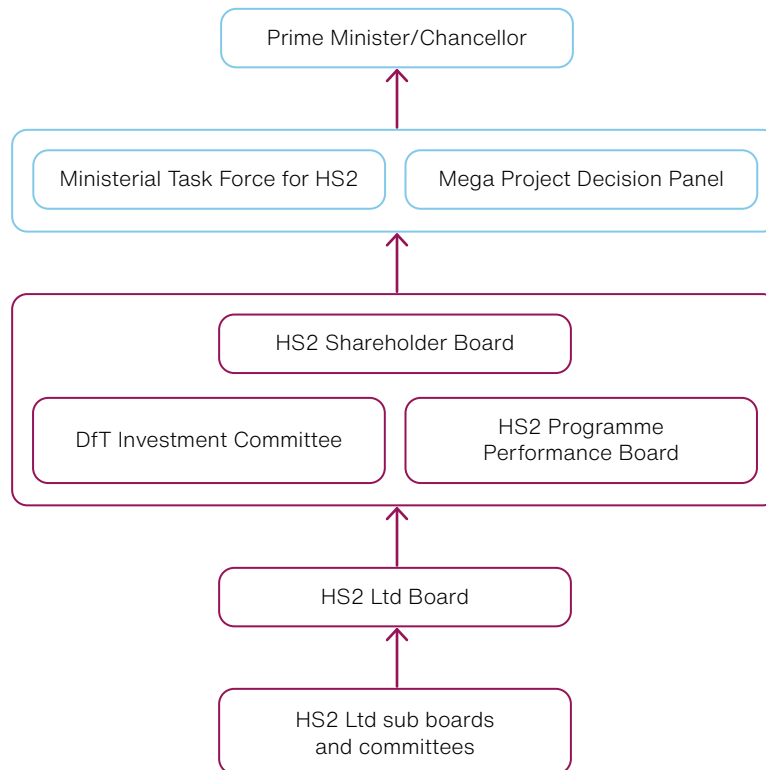
¹⁷ Comptroller and Auditor General, *Lessons learned: Governance and decision-making on mega-projects*, Session 2024-25, HC 545, National Audit Office, March 2025.

¹⁸ Mega-projects are the government's most significant investments. They are exceptional in cost, risk and complexity, and drive major transformation.

Figure 8

Key governance boards of the High Speed Two (HS2) programme across government

The Department for Transport (DfT) has refreshed governance arrangements to strengthen ways of working between DfT, High Speed Two Limited (HS2 Ltd) and other parts of the government



- DfT and HS2 Ltd governance boards
- Cross-government approvals
- Information and/or escalation routes

Notes

- 1 Governance routes will vary. Matters will be directed to the most relevant boards and escalated to the level needed. This means that not all decisions or information will go through all boards. The governance structure and approach is being tested as part of the High Speed Two (HS2) programme reset.
- 2 The High Speed Two Limited (HS2 Ltd) Board serves as the primary line of assurance to the Department for Transport (DfT) in respect of HS2 Ltd's delivery of its objectives, reporting into the Ministerial Task Force and the HS2 Shareholder Board via the HS2 Ltd chair or another nominated person.
- 3 The DfT Investment Committee is a sub-committee of the DfT's Executive Committee with delegated authority to provide advice and scrutiny of DfT's high-profile projects.
- 4 The HS2 Programme Performance Board oversees effective delivery of the HS2 programme into service. It is a senior official-led forum that reports to DfT ministers.
- 5 The HS2 Shareholder Board ensures the programme is guided and monitored in the public and taxpayer interest. The DfT Permanent Secretary chairs this board, which includes HM Treasury officials and independent members.
- 6 The Mega Project Decision Panel provides centre of government approval and scrutiny to provide joint advice or endorsement ahead of strategic decisions, such as, significant changes to the business case. It is co-chaired by the Cabinet Office Permanent Secretary, the National Infrastructure and Service Transformation Authority Chief Executive Officer, Government Chief Commercial Officer, and HM Treasury director generals for Public Spending, Growth and Productivity. The panel's advice is shared with the relevant Secretary of State, the Chancellor, Chief Secretary to the Treasury, and where necessary, the Prime Minister.
- 7 The Ministerial Task Force for HS2 provides strategic oversight, support and challenge for the programme. It is a forum for collaboration and problem solving at government-wide level that the Chief Secretary to the Treasury attends, and the Secretary of State for Transport chairs. In practice, DfT is using the Ministerial Task Force for significant reset decisions on the HS2 programme, including drawing on advice from the Mega Project Decision Panel to inform the Secretary of State for Transport ahead of decisions for the Prime Minister and the Chancellor, where required.

5.8 At the centre of broader reform, the government has established the Mega Project Decision Panel to provide scrutiny and joint advice to the Prime Minister, Chancellor and relevant secretary of state on significant mega-project decisions. It aims to streamline approvals by superseding other central government panels and oversight bodies.

5.9 HS2 Ltd and other stakeholders told us that changes have reduced decision times by improving collaboration and reducing duplication across government. The Mega Project Decision Panel and use of the Ministerial Task Force help bring together external partners to resolve issues. Key stakeholders such as HM Treasury and the National Infrastructure and Service Transformation Authority, are also consistently engaged on the core matters of the reset throughout rather than simply at approval points. This reduces the need for separate set piece reviews. In addition, involving the National Infrastructure and Service Transformation Authority within the process, rather than as an additional step, reduces overall assurance time.

Part Six

Euston

6.1 This part examines the reset activity at Euston, which will be the London terminus station for High Speed Two (HS2). The site for the HS2 station is a busy and built-up area of businesses and homes as well as a major transport hub.

This part examines:

- how the Department for Transport (DfT) is managing the Euston programme; and
- progress with scope and cost at Euston.

Euston programme

6.2 There are four key projects underway at Euston.

- **HS2 Euston station:** Construction of a new station for HS2.
- **Network Rail Euston station:** Redevelopment of the existing Euston station.
- **Improvements to the local transport infrastructure:** Enhancements to the underground station and relocation of infrastructure and facilities for buses, taxis and cycling.
- **Development of the Euston station site:** Development above and around the two stations to provide a redesigned space and new commercial property and housing.

There are also plans for further housing development and regeneration in the wider area. The London Borough of Camden reported in March 2024 that the regeneration at Euston could potentially contribute around £41 billion to the economy by 2053.¹⁹ The range of stakeholders involved with delivering these projects at Euston is shown in **Figure 9** overleaf.

¹⁹ London Borough of Camden and Metro Dynamics, *Euston at the heart of Britain's new economy: The economic rationale for Euston's regeneration*, March 2024.

Figure 9

Key stakeholders in the Euston programme, as at the end of May 2026

There is a wide range of organisations involved with delivering the High Speed Two (HS2) station and other projects at Euston, with some still to be established

Organisation	Description
Department for Transport (DfT)	Lead government department for the programme of work at Euston, and parent department for High Speed Two Limited (HS2 Ltd), Network Rail and Euston Delivery Company Limited.
High Speed Two Limited (HS2 Ltd)	Previously responsible for the design and build of the HS2 station at Euston. Role at Euston following the establishment of Euston Delivery Company Limited is to complete the tunnelling and railway into the station, the remaining enabling work on the site, such as site clearance, and oversee the installation of the rail systems at the station, and bring the railway into use.
Network Rail	Delivery body responsible for maintaining and enhancing the rail network in Great Britain, including major mainline stations such as Euston.
Transport for London	Authority responsible for London's transport network.
Lendlease	Master development partner, a private company responsible for development above and around the Euston station site.
Euston Delivery Company Limited	Delivery body set up in April 2026 by DfT to oversee the delivery of the four projects at Euston, including design and integration. Expected to be fully established as a separate legal entity in autumn 2026.
Engineering and design partner (to be procured)	A private sector organisation that will be managed by Euston Delivery Company Limited to oversee the design for the stations and manage the integration with the other projects. Expected to be appointed by 2027.
Private sector partner (to be procured)	DfT is planning to bring in private finance to help deliver the HS2 station by appointing a private partner to design, build, finance and maintain the station. DfT began early market engagement on this approach in February 2026 and expects to make an appointment in the early 2030s.
Development corporation (to be established)	The government is working with local stakeholders to set up a development corporation by 2027-28 to oversee wider commercial and housing development around the Euston site.
Ministry of Housing, Communities & Local Government (MHCLG)	Government department responsible for policy and legislation on development corporations. MHCLG is supporting the establishment of a development corporation at Euston by 2027-28 to oversee wider commercial and housing development around the Euston site. MHCLG is working with local stakeholders on plans for regeneration of the wider Euston area.
London Borough of Camden	Local government authority and planning authority for the Euston site. Working with MHCLG and other stakeholders on establishing the development corporation.

Note

- 1 The Euston Partnership stood down in March 2026, following the establishment of Euston Delivery Company Limited. It was established in December 2021 as a partnership between High Speed Two Limited (HS2 Ltd), the Secretary of State for Transport and Network Rail. It aimed to improve collaboration and joint working between all partners working at Euston.

Source: National Audit Office review of Department for Transport information

6.3 DfT has previously identified that governance of the Euston programme has been particularly challenging as there are separate projects at the site, all started at different times, led by different delivery bodies, and with different business cases. We reported in March 2023 on the governance issues that have arisen as a result, including the lack of a decision-making body to make the necessary trade-off decisions between stakeholders and their different needs.²⁰

6.4 In April 2026, DfT set up the Euston Delivery Company Limited (the delivery company) to act as the 'single directing mind' for work at the site, with the Euston programme now being delivered separately from the rest of the HS2 programme. However, the delivery company is not yet fully operational. For example, DfT has been staffing up a number of roles in the company on an interim basis, including the chief executive officer, until permanent staff can be recruited. It is currently operating within DfT as an internal business unit. DfT expects that the company will be fully established as a separate legal entity in autumn 2026. The Ministry of Housing, Communities & Local Government (MHCLG) is also working with local stakeholders to establish a development corporation to oversee the wider regeneration of the area. It expects to establish this by 2027-28.

6.5 DfT is developing revised governance at the station, reflecting the role of the new delivery company. This includes creating a delivery partners alliance board, to be chaired by the delivery company's chief executive officer, to enable coordination across the projects. It has also established a Euston strategy board, chaired by the rail minister, to provide strategic oversight. Over the next few years, DfT and MHCLG will also need to determine how the delivery company will work with the development corporation.

6.6 The government will also need to decide whether to designate the Euston programme as a mega-project in its own right. If it does, it will follow the governance approach being taken on the wider HS2 programme (see paragraphs 5.5 to 5.9). We have assessed that it meets most characteristics of a mega-project (**Figure 10** overleaf). DfT and HM Treasury told us that they will look to make a decision once the Euston programme has developed further.

Progress with scope and cost at Euston

6.7 DfT has agreed with stakeholders a high-level plan for how to use the space at Euston for the various projects. This spatial plan for the site sets out the parameters of the HS2 station, Network Rail station, local transport facilities and space for development activity. DfT expects that some commercial development work may start earlier than under previous plans, which required the station to be completed first (**Figure 11** on page 41).

²⁰ Comptroller and Auditor General, *High Speed Two: Euston*, Session 2022-23, HC 1201, National Audit Office, March 2023.

Figure 10

Assessment of the Euston programme against mega-project characteristics

The Euston programme presents most of the characteristics of a mega-project as defined by the government

Mega-project characteristics as set out by the Office for Value for Money ¹	Assessment of the programme against characteristics
Strategically important, with transformational impacts on the economy, society or national security.	Yes – The government has committed to delivering High Speed Two (HS2) into Euston, as the central London terminus station, to fully realise the benefits of the HS2 programme.
Cross-cutting impacts, spanning multiple government departments.	Yes – The government expects the programme to support local regeneration plans for housing, business and other growth development in the area, in addition to transport benefits.
Take longer to deliver than other major projects – they are typically once-in-a-generation projects that take longer than 10 years and span multiple parliaments.	Yes – The Department for Transport (DfT) estimates the programme will be delivered into the 2040s.
Very expensive, with estimated whole life costs of more than £10 billion, meaning proportionately small cost overruns can have a big financial impact.	No – DfT expects the level of public funding for the HS2 station and an expanded underground station, land purchase, tunnelling and the railway into the station, to be around £8 billion (mixed price base) in total at this early design stage. However, this excludes any private financing, the costs of redeveloping the Network Rail conventional station and any commercial and housing development in and around the station.
Not scalable and cannot be broken into smaller projects.	Yes – DfT requires the delivery of all four projects on the Euston site as part of an integrated plan.
Do not take longer than 50 years to deliver – otherwise they would constitute business as usual.	Yes – DfT estimates the programme will be delivered over the next two decades.

Note

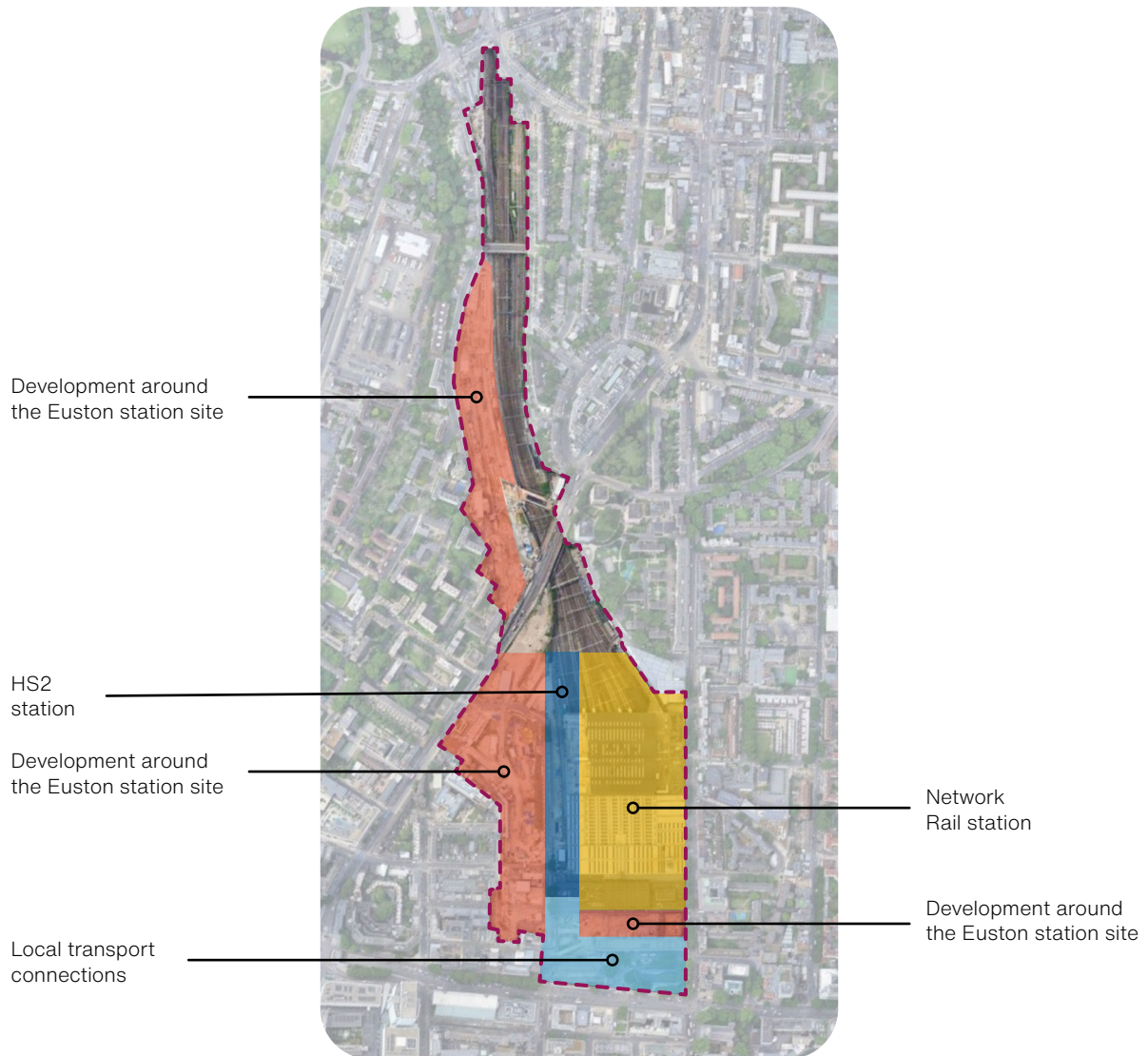
¹ These are the characteristics of mega-projects defined by the Office for Value for Money in *Value for money study: governance and budgeting arrangements for mega projects*, June 2025.

Source: National Audit Office analysis of Department for Transport and Office for Value for Money documents

Figure 11

Map of the Euston site and railway into the High Speed Two (HS2) station

There are four projects at Euston that all need to be developed together in a built-up residential area in central London



-- Outline of spatial plan area

Notes

- 1 There are four key projects underway at Euston.
 - High Speed Two (HS2) Euston station: Construction of a new station for HS2, which is expected to feature six platforms with provision for future expansion.
 - Network Rail Euston station: Redevelopment of the existing Euston station.
 - Improvements to the local transport infrastructure: Enhancements to the underground station and relocation of infrastructure and facilities for buses, taxis and cycling.
 - Development of the Euston station site: Development above and around the two stations to provide a redesigned space and new commercial property and housing. The Department for Transport expects that commercial development in some areas to the west of the station could now begin earlier than under previous plans.

6.8 While this scope is at an early stage, we heard from stakeholders that there has been a more collaborative approach between them, leading to an agreed vision and initial design. As we reported in March 2023, there had previously been significant disagreements between stakeholders over the plan for the site. For example, we found unresolved design disagreements between stakeholders on the size and location of local transport facilities such as the bus station.

6.9 The need to develop the scope further means that the estimated costs for Euston are less mature than other parts of the HS2 programme. There is also a greater level of uncertainty on financing given DfT's plans for the HS2 station to be privately financed. HS2 Ltd reported that it had spent around £3.8 billion on works at Euston by the end of March 2026, including the tunnelling from Old Oak Common station in west London.²¹ DfT estimates that delivering the HS2 station and other HS2 Euston works may require further public funding of £4.1 billion based on the current early design.²² Together this means that DfT may potentially spend around £8 billion at Euston (mixed price base), although the total costs of works at Euston will be higher once the expected private financing is included.

6.10 DfT plans to complete detailed designs for the HS2 Euston station and the redevelopment of the conventional station and the underground station by the end of 2031. It intends to bring in a private finance partner in the early 2030s, towards the end of design work. The government's current preferred option to bring in private finance is for a public-private partnership that will design, build, finance and maintain the station. It began early market engagement on this approach in February 2026 to help inform its development. DfT expects that HS2 services will begin running from HS2 Euston station between May 2040 and December 2043.

21 HS2 Ltd's reported spend at Euston to the end of March 2026 is in nominal prices and includes around £1.3 billion relating to land and property purchases and compensation costs and around £1.5 billion on the tunnels between Old Oak Common station in west London and Euston and the section of railway into the station.

22 DfT estimates that it will spend £1.6 billion (2025 prices) on the station and an expanded underground station and £2.5 billion (current prices) on completing the tunnelling and the section of railway into the station.

Part Seven

Phase 2 closedown

7.1 In October 2023, the government cancelled Phase 2 of the High Speed Two (HS2) programme.²³ However, High Speed Two Limited (HS2 Ltd) had already started to buy land and property along this part of the route which the Department for Transport (DfT) now needs to consider for disposal.

7.2 HS2 Ltd acts as an agent in purchases for DfT, with the land and property held as assets of DfT. HS2 Ltd manages disposals of land and property on Phase 1 of the programme. DfT has appointed a separate delivery agent for Phase 2 land and property disposals.

7.3 This part examines how DfT and HS2 Ltd are closing down Phase 2. We examine:

- DfT's approach to disposing of land and property no longer required; and
- HS2 Ltd's remediation work on Phase 2 land.

The land and property HS2 Ltd bought for Phase 2 as at the end of March 2026 is shown in **Figure 12** overleaf.

²³ In November 2021, DfT revised its plans for the Phase 2b Eastern Leg as part of its Integrated Rail Plan for the North and Midlands. It set out that the HS2 railway would instead run from the West Midlands to East Midlands Parkway as HS2 East, with a study proposed to consider how HS2 trains could then run onto Leeds.

Figure 12

Land and property purchased on the former High Speed Two (HS2) Phase 2 route as at the end of March 2026

High Speed Two Limited (HS2 Ltd) had spent £643 million on land and property along the former Phase 2 route as at the end of March 2026¹

Phase	Spend to date ^{2,3,4} (£mn)	Number of properties bought ⁵	Area of land acquired ⁷ (sq km)
All former Phase 2	643	1,256 ⁶	18
Phase 2a (West Midlands to Crewe)	246	484	18
Phase 2b Western leg (Crewe to Manchester)	228	210	–
Phase 2b Eastern leg (West Midlands to Leeds)	169	562	–

Notes

- 1 High Speed Two Limited (HS2 Ltd) acts as an agent in purchases for the Secretary of State for Transport. The properties are held as assets of the Department for Transport (DfT), rather than HS2 Ltd. In March 2026, DfT appointed a delivery agent for the disposal of land and property on the former Phase 2b Eastern leg that DfT has identified as no longer required.
- 2 Spend figures reflect the cost as it was incurred at the time of purchase and have not been adjusted for inflation.
- 3 Settlement for some claims for land acquired have not been completed and the spend figures presented above do not reflect the full payment that will be required for this land.
- 4 At the time of cancellation in October 2023, some Phase 2 land and property were in the process of being bought and a few are still yet to be completed.
- 5 Includes all residential, agricultural and commercial properties managed by HS2 Ltd on behalf of the Secretary of State for Transport.
- 6 Since March 2024, there has been an additional 255 properties added to the portfolio on Phase 2, bringing the total to 1,256. Of these, most (226) are the result of the transfer of principally rural land that was held for construction on Phase 2a into the High Speed Two (HS2) managed property portfolio. These land parcels account for most of the 18 sq km of the land acquired for Phase 2a.
- 7 Includes land acquired permanently and land taken into temporary possession within the limits set out in the High Speed Rail (West Midlands – Crewe) Act 2021 for Phase 2a. It also includes all land permanently acquired outside of Act limits, such as through discretionary purchase schemes and blight applications. Around 10% – around 2 sq km of the 18 sq km land held – are temporary acquisitions.
- 8 Totals may not sum due to rounding.
- 9 We have not audited the calculations and evidence underpinning these summary figures.
- 10 More details on HS2 Ltd's property purchase schemes can be found in 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.

Source: National Audit Office review of Department for Transport and High Speed Two Limited data

Phase 2 land and property

7.4 The Secretary of State for Transport announced in July 2025 and January 2026 how land and property on Phase 2 would be used.

- **Phase 2b Eastern leg (West Midlands to Leeds):** Property disposals expected to begin in 2026.
- **Phase 2a (West Midlands to Crewe):** The government is retaining land for the long-term aim of developing a north–south line between Birmingham and Manchester. In January 2026, DfT instructed HS2 Ltd to settle the more than 350 outstanding compensation claims relating to Phase 2a land and property.
- **Phase 2b Western leg (Crewe to Manchester):** DfT plans to use part of the route for the Northern Powerhouse Rail line between Liverpool and Manchester. As a result, land along the route remains ‘safeguarded’, which means that, although DfT is still to decide exactly what land it may need to purchase, local authorities still need to first consult DfT on any planning applications related to this land.

7.5 In March 2026, DfT appointed a delivery agent for the disposal of land and property between the West Midlands and Leeds that DfT has identified as no longer required. DfT will manage the delivery agent, who will design and deliver the disposal programme. DfT decided not to delegate this work to HS2 Ltd because it was no longer in the scope of the HS2 programme and HS2 Ltd lacked the capability and capacity to manage a programme of this scale. The agent will initially be responsible for a large and complex disposal programme for around 560 properties.²⁴ Around 350 of these properties are subject to Crichel Down Rules, which require DfT to offer the properties to its previous owner, unless exemptions apply. The programme is expected to cost around £9 million, including just under £4 million on the delivery agent. DfT is yet to develop a detailed estimate, but seeks to generate receipts on the properties equivalent to their total purchase costs of around £170 million.

7.6 The delivery agent is advising DfT on the development of its disposal strategy. This strategy should demonstrate how DfT would achieve value for money from its disposals. DfT expects to seek ministerial approval of the strategy in October 2026, with the first disposals on this phase expected to occur after this. DfT has not yet confirmed a timeline for completing all disposals. The delivery agent has a contract until March 2029, with a potential extension of a further year.

²⁴ A small number of properties to the south of the existing station in central Leeds are being retained for potential enhancements to the existing station. See *HS2 6-monthly report to Parliament: July 2025* – GOV.UK.

Land remediation work

7.7 HS2 Ltd acquired land for Phase 2a that it would only need temporarily. This was for site access and utilities work. Around 10% (around 2 sq km of the 18 sq km land held) is from temporary acquisitions. Once it was no longer needed for the programme, HS2 Ltd would be expected to return the land to the owners. Where HS2 Ltd had done any works on the site it would be expected to return the land back in its original condition in many cases or in a condition agreed with the land owner. HS2 Ltd is therefore carrying out remediation work where, for example, it drilled boreholes during initial investigative work or where activity, such as moving utilities, has taken place at several sites.

7.8 In 2024, following the cancellation of Phase 2, HS2 Ltd had initially estimated that remedial work would cost around £100 million (in 2024 prices) and be completed by summer 2027. DfT's confirmation that the former Phase 2a land that has been permanently acquired will be retained for a future north-south line between Birmingham and Manchester has reduced the amount of remedial work needed. The number of boreholes HS2 Ltd needs to remediate across Phase 2 has now broadly halved to around 550 from over 1,000. HS2 Ltd has also reduced the cost of its management activities and saved costs where sites do not need to be returned to their original condition. Together, this has reduced the expected cost of works to just under £40 million (in 2026 prices). The need to wait for ministerial decisions on the former Phase 2 land before the scope of the remediation work could be confirmed has also meant that HS2 Ltd now expects to complete works later, between December 2027 and March 2028.

Appendix One

Our audit approach

Our scope

1 This report contains our independent conclusions on whether the Department for Transport (DfT) and High Speed Two Limited (HS2 Ltd) are taking reasonable steps to plan, assure and implement the reset of the High Speed Two (HS2) programme. We last reported on HS2 in July 2024, following the cancellation of Phase 2 of the programme.²⁵ We are reporting now while the reset is underway to support parliamentary scrutiny. We formed our conclusions by examining and assessing progress relating to:

- resetting Phase 1, which covers cost and schedule, commercial arrangements, the reorganisation of HS2 Ltd, and governance;
- resetting work at Euston station; and
- closing down Phase 2.

2 We have not examined how HS2 services will integrate with the rest of the rail network once the HS2 railway is fully completed. We expect to report further on progress with the HS2 programme in the future.

Our evidence base

3 We reached our independent conclusions on how DfT and HS2 Ltd are managing the reset of the HS2 programme after analysing evidence collected between March and May 2026. Many of the areas we examined are work in progress and we have not audited DfT's and HS2 Ltd's calculations around cost, schedule and benefit–cost ratios or the evidence underpinning these calculations.

²⁵ Comptroller and Auditor General, *HS2: update following cancellation of Phase 2*, Session 2024–25, HC 128, National Audit Office, July 2024.

Interviews and teach-ins

4 We carried out 12 interviews or teach-ins with staff from four government organisations. Most of these were teach-ins with officials from DfT and HS2 Ltd, which we used to build our understanding of the relevant topics, to inform further document requests and prioritise our review work. This was supplemented by interviews with government officials. DfT and HS2 Ltd identified officials within their organisation with relevant knowledge and expertise to assist us with our lines of inquiry. We conducted all of our interviews and teach-ins virtually using Microsoft Teams. We did not record them but took a note of each. Our interviews and teach-ins included the following.

- Nine teach-ins with officials from DfT and HS2 Ltd. Areas covered included the overall reset approach; cost and schedule; benefits; governance; Euston station; capability and culture; commercial arrangements; and Phase 2 closedown.
- An interview with DfT's Senior Responsible Owner for the HS2 programme and HS2 Ltd's chief executive officer, to understand their views on the HS2 programme and reset.
- An interview with HM Treasury about its support and oversight of the reset of the HS2 programme, and developments for delivering and financing the HS2 Euston station.
- An interview with the National Infrastructure and Service Transformation Authority about the progress made by DfT and HS2 Ltd on recommendations from external reviews through the reset, and views on the new governance and assurance arrangements for mega-projects that have been applied to the HS2 programme.

Document review

5 We reviewed over 300 published and unpublished documents related to the HS2 programme. We used these to establish facts and to answer our main questions. The main types of documents reviewed included:

- published programme updates, including DfT's six-monthly updates to Parliament;
- planning and progress documents for the reset, across all four workstreams, as well as at Euston;
- updates on progress in implementing recommendations from external reviews;
- DfT's Accounting Officer's Assessment on the revised cost and schedule estimates;

- DfT and HS2 Ltd analysis of expenditure on the HS2 programme to date, including the cost for this reset, and estimates of delivering the programme as a whole;
- internal and external assurance reviews;
- governance documents for various forums associated with overseeing and managing the HS2 programme;
- government guidance for mega-projects;
- papers relating to progress on closing down Phase 2, including arrangements for land and property; and
- correspondence between and within DfT and HS2 Ltd.

6 We also reviewed our past reports on the HS2 programme, Crossrail, and lessons learned reports on major project delivery to inform our findings and conclusions.^{26, 27, 28}

26 For example, Comptroller and Auditor General, *HS2: update following the cancellation of Phase 2*, Session 2024-25, HC 128, National Audit Office, July 2024; Comptroller and Auditor General, *High Speed Two: Euston*, Session 2022-23, HC 1201, National Audit Office, March 2023.

27 Comptroller and Auditor General, *Crossrail – a progress update*, Session 2021-22, HC 299, National Audit Office, July 2021.

28 These include, Comptroller and Auditor General, *Lessons Learned from Major Programmes*, Session 2019–2021, HC 960, National Audit Office, November 2020; Comptroller and Auditor General, *Lessons Learned: Resetting major programmes*, Session 2022-23, HC 1198, National Audit Office, March 2023; Comptroller and Auditor General, *Lessons Learned: Delivering value from government investment in major projects*, Session 2023-24, HC 554, National Audit Office, February 2024; and Comptroller and Auditor General, *Lessons Learned: Governance and decision-making on mega-projects*, Session 2024-25, HC 545, National Audit Office, March 2025.

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