

**Date:** 6 December 2023

**Item:** High Speed 2 Programme: TfL Resources

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**This paper will be considered in public**

## 1 Summary

High Speed 2 (HS2)				
Existing Financial Authority	Estimated Final Cost (EFC)	Existing Programme and Project Authority	Additional Authority Requested	Total Authority
£ 53.1m	£ 70.8m	£ 38.2m	£ 4.8m	£ 43.0m

**Authority Approval:** The Committee is asked to approve additional Programme and Project Authority for the HS2 project (fully third party funded) which will cover TfL staff costs, bus operational measures, minor works, specialist consultancy services and risk provision for the remainder of Financial Year 2023/24 and first quarter of Financial Year 2024/25. A financial summary is provided in Appendix 1.

**Outputs and Schedule:** The additional Programme and Project Authority requested enables the TfL programme team to fully support HS2 Limited in the delivery of its project. The Authority request is built on a resource schedule of staff needed to undertake governance, assurance, asset protection, project management, sponsorship and engineering activities, as well as to cover bus disruption mitigation measures and other specific items of work that may be instructed by HS2 Limited.

- 1.1 HS2 is a project being delivered by the Secretary of State for Transport's (SoS) nominated undertaker, HS2 Limited with significant TfL interfaces and impacts. The relationship between SoS/HS2 Limited and TfL is governed by a Protective Provisions Agreement entered into in 2014. This sets out high level roles and responsibilities, as well as protections secured by TfL during the Hybrid Bill process, including the ability to recover all costs, losses and expenses incurred including staff time.
- 1.2 Supplementary information is included in Part 2 of the agenda. This information is exempt and is therefore not for publication to the public or press by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to commercial negotiations, funding and strategic decisions to be taken by TfL.

## **2 Recommendations**

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and, subject to the Board's approval of the revised Business Plan due to be considered by it in December 2023:**
- (a) approve additional Programme and Project Authority of £4.8m, bringing the total Project and Programme Authority to £43.0m, to enable the TfL team to continue the activities described in this paper; and**
  - (b) (b) note that the matters for which approval is sought above relates to matters which extend beyond the current Business Plan and Budget (and the revision due to be considered by the Board in December 2023) and provision will, therefore, need to be made in future Business Plans and Budgets.**

## **3 Background and Update**

- 3.1 The HS2 project is a major railway infrastructure project aimed at creating a high-speed rail network connecting the south and north of England. HS2 is set to be the second high-speed rail line in the UK, following the High Speed 1 (HS1) which connects London to the Channel Tunnel.
- 3.2 HS2's primary objective is to release capacity on the West Coast Main Line and significantly reduce travel times between major cities, including London, Birmingham and potentially Manchester. Until recently, the project was divided into two phases:
- (a) Phase 1: which links London and Birmingham, with a new through station and temporary terminal at Old Oak Common and an upgraded terminal London Euston and a new Birmingham Curzon Street station. This phase is expected to be operational by the late 2020s between Old Oak and Birmingham;
  - (b) Phase 2a: which would have extended the line from Birmingham to Crewe, designed to integrate with existing rail networks and provide faster travel times to the north of England, but is now cancelled as announced by the Prime Minister on 4 October 2023; and
  - (c) Phase 2b: which would have extended the line from Crewe to Manchester via Manchester Airport but is now cancelled as announced by the Prime Minister on 4 October 2023.
- 3.3 Since the last paper in July 2023, as part of the Rail and Station Enhancements Programme, the following changes to the project have occurred which have necessitated this uplift:
- (a) Euston Pause and Reset Programme was underway, with significant redesign to the station at Euston under a "minimal viable product" scenario.

TfL was providing support and input to these designs to ensure compliance with our standards and interoperability of future stations. This included further work on the long-term use of Old Oak Common as a temporary terminus station and the impacts on the Elizabeth line;

- (b) in October 2023, the Government announced significant further changes to Euston with private sector funding being required and the proposal for a development corporation to be established to take forward the Old Oak Common to Euston section and Euston redevelopment;
- (c) this decision will place additional pressure on Old Oak Common, a key interchange station for HS2, the Elizabeth line, and other existing rail services. Old Oak Common is intended to serve as a major hub for passengers transferring between high-speed and conventional rail services but will act as a temporary terminus until HS2 reaches Euston. This has the potential to affect the Elizabeth line which connects Reading and Heathrow Airport in the west to Shenfield and Abbey Wood in the east, passing through central London. This is the subject of a separate paper to the Committee on this agenda;
- (d) TfL is working closely with the Department for Transport and HS2 Limited on a review to identify opportunities to reduce costs at Euston and TfL is providing advice and its experience of development corporations and enterprise zones. This work will be undertaken within parameters that will be acceptable against requirements and undertakings agreed through the Hybrid Bill; and
- (e) since the Committee approved additional Programme and Project Authority in July 2023, the TfL programme team has maintained robust cost management measures to ensure only the minimum essential resources are deployed on the programme with a reduction of around 50 per cent in resources. To date, we have recovered over 99.9 per cent of our submitted applications for payment with less than £5,000 outstanding and under discussion with HS2 Limited. We have supported the delivery programme across all areas with minimal impact on the HS2 Limited schedule, while continuing to protect TfL's interests in assets and operations.

3.4 This additional request excludes lost bus revenue which will continue to be recovered separately as agreed with HS2 Limited.

#### **List of appendices to this report:**

Appendix 1: Costs and Funding Table Summary

Exempt supplementary information is included in a paper on Part 2 of the agenda

#### **List of Background Papers:**

None

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## Appendix 1: Costs and Funding Table Summary

Costs and Funding (£m)		Prior Years	2023/24	2024/25	2025/26	2026/27	Future Years	Total
Cost (Period 6 2023/24 forecast)	Base costs	30.6	8.6	7.4	9.0	4.9	10.3	70.8
	Risks							
	<b>Total</b>	30.6	8.6	7.4	9.0	4.9	10.3	70.8
Funding (Financial Authority based draft Business Plan to be submitted for approval by the Board in December 2023)	TfL funding (=A)	0	0	0	0	0	0	0
	Third party funding (=B)	30.3	8.8	7.0	6.4	5.0	11.1	68.6
	<b>Total Financial Authority (=A+B)</b>	30.3	8.8	7.0	6.4	5.0	11.1	68.6
Programme and Project Authority Drawdown	Drawdown to date (=C)	33.7	4.5	0.0				38.2
	Additional Drawdown requested (=D)	-3.1	5.5	2.4				4.8
	<b>Total Drawdown (=C+D)</b>	30.6	10.0	2.4				43.0