Dear Meg,

Thank you for your letter of 4 July.

You raised several additional questions about the progress of Phase One of HS2 following our correspondence on 30 May and the evidence session for Crossrail on 15 May.

**Business case**

The ‘Notice to Proceed’ decision to authorise the Main Works Civil Construction contracts is currently due late in 2019. I anticipate that the Government will publish an updated business case as part of taking forward that decision.

This is, of course, subject to the outcome of the review of HS2 by Douglas Oakervee, announced by the new Prime Minister. The Transport Secretary intends to inform Parliament about the details of the review, in due course. The outcome and conduct of that review are likely to be important in determining the timetable for publication of a revised business case.

**Phase One schedule**

You highlighted your expectation that the Department would undertake a thorough review of the Phase One schedule, supported where necessary by independent assurance. HS2 Ltd is undertaking a re-baselining of the plans for Phase One, including its schedule, as part of its work towards the ‘Notice-to-Proceed’ decision to authorise main civil construction works to begin. I can confirm that my Department is thoroughly examining that re-baselining exercise and that there is extensive assurance. As for the business case, the Oakervvee Review will be important in determining the timetable for decisions on and publication of a revised schedule.

**HS2 Land and Property**

At 31 March 2018, capital expenditure on the HS2 property acquisition programme on Phase One stood at £1,601 million. The Government spent a further £455 million in 2018/19, bringing the total capital expenditure at 31 March 2019 to £2,057 million. There has been no change to the overall HS2 land and property budget of £3,664 million as set out in the NAO’s 2018 report. I should note that this is a net budget, which would include proceeds from future sales, and is set in 2015 prices. The re-baselining exercise for Phase One, referred to above, includes appropriate re-assessment of the land and property costs for the phase.
In relation to the Shimmer estate, the Government introduced the Shimmer Relocation Assistance Scheme in December 2018 to provide support to those homeowners that needed it to buy a local comparable property. The scheme is due to remain open until 2034. There have been no confirmed applications to date. I am aware that a number of property owners have approached the administrators of the scheme for further information.

The existing statutory blight compensation package – which has been in place since November 2016 and applies to the whole of the Shimmer estate – should be sufficient in most cases to allow people to move homes. Of the 135 owner occupiers on the estate, 73 have sold their properties to the Government through the statutory blight scheme and a further 44 applications have been submitted to HS2 Ltd. Furthermore, homeowners who wish to stay on the estate can receive a cash payment of £30,000. To date, three owners have taken up this offer.

**National College of High Speed Rail**

The Committee asked about the National College of High Speed Rail (NCHSR). The College is an independent further education corporation established under the Further and Higher Education Act (1992).

The College is still a new institution. It opened in October 2017 and it is recognised that it will take time to grow its base of learners. The College continues to be supported by the Department for Education (DfE), HS2 Ltd and the Department for Transport with a firm expectation by us for the College to increase learner numbers.

To support its diversification plans and ensure that they align with the sector’s needs, the College will be undertaking market testing and developing a phased curriculum plan. The expectation is that this should enable the College to increase its learner numbers in the long term. The College has a five-year trajectory of growth to reach 1,200 new starts per annum. In Year 3 (2019/20) it anticipates 600 new starts with a healthy pipeline to achieve this number already in place.

The HS2 Ltd Skills, Employment and Education Strategy, published in September 2018, sets out how it is working with the supply chain, the College and regional stakeholders including Combined Authorities and Local Enterprise Partnerships. The College continues to work in partnership with the rail industry and key partners such as HS2 Ltd and its supply chain to help build their skills capability.

Yours sincerely,

Bernadette Kelly CB
Permanent Secretary