



HOUSE OF LORDS

Economic Affairs Committee

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The Rt Hon Chris Grayling MP
Secretary of State
Department for Transport
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We have received correspondence from Douglas Thornton, former Land and Property Director at High Speed Two Ltd, in which he makes a number of assertions about the transparency of land and property compensation costs during the passage of the High Speed Rail (London – West Midlands) Act 2017.

Mr Thornton claims that he was asked to provide a detailed valuation of Phase 1 property before Royal Assent of the Act, which he contrasts with the Department's recent response to a Written Question from Lord Alton of Liverpool on 19 December 2018, which stated: "detailed land cost assessments [for Phase 1 of HS2] were not possible until after Royal Assent was achieved." He also questions the National Audit Office's September 2018 report, which stated "HS2 Ltd did not consider it useful to create a detailed cost estimate prior to Royal Assent being granted because the Bill process would result in significant changes, which it did, and because it would not have powers of access to properties to carry out detailed valuations".

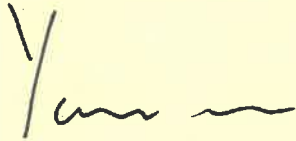
At this point, Mr Thornton valued the likely cost of land compensation at £4.8 billion. He suggests that this figure, which exceeds the NAO's most recent estimate of £3.345 billion, was not shared with HS2's Board or your department, and was available, but not used, for Review Point 1 and before Royal Assent. He also claims that budget had only been allocated against 53 per cent of properties to be acquired, and that a March 2015 Report by PWC which raised questions about the calculation of likely compensation for properties may not have been brought to the attention of HS2's Board.

We have a number of questions concerning Mr Thornton's claims:

- What steps are you taking to investigate these concerns with HS2 Ltd?
- When did the Department for Transport receive the March 2015 PWC report "Property Compensation Estimate: Review of processes and assumptions" and the £4.8 billion estimate, and what steps did it take in response?

- If the Department was aware of the £4.8 billion estimate during passage of the Act, on what rationale did the Department choose not to publish it?
- Did you consider Mr Thornton's work, resulting in his £4.8 billion estimate, a "detailed cost estimate"? If not, why not?
- Is it true that, as the Act was progressing through Parliament, HS2 Ltd had only budgeted for 53 per cent of properties to be acquired? How many properties or land plots for Phase I have not yet been valued?
- Do you consider there to be cultural problems at HS2 Ltd, which prevented Mr Thornton's and colleagues' concerns being heard and resolved internally? What steps has the Department taken to investigate and respond to these?

We would be grateful if you would respond by 12 March. I have copied this to Nusrat Ghani MP, with whom I have been engaged in other related correspondence, and to the Comptroller and Auditor General.



The Rt Hon the Lord Forsyth of Drumlean
Chairman of the Economic Affairs Committee