

HS2: How Cost, Scope and Schedule Changed Britain's High-Speed Rail Programme

From GBP 33 Billion to over GBP 100 Billion: How Britain's Flagship Railway Lost Major Sections of Scope and Faced Repeated Cost and Schedule Revisions

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Key Facts

Cost: GBP 87.7-102.7B (2026 estimate, London-Birmingham only)

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Executive Summary

High Speed 2 was sold to Parliament in 2011 as a GBP 33 billion railway linking London with Birmingham, Manchester and Leeds. By October 2023 the northern legs had been cancelled, and by May 2026 the official estimate for the truncated London-to-Birmingham line alone stood at between GBP 87.7 and GBP 102.7 billion, with full opening not expected until 2040-2043 - up to thirteen years later than planned in 2020, and far beyond the original 2026 ambition. The Public Accounts Committee has called HS2 'a casebook example of how not to run a major project'. This investigation traces how optimism bias, scope churn and fractured governance between the Department for Transport and HS2 Ltd turned Europe's largest infrastructure programme into a defining case study in cost, scope and schedule change.

Executive Lessons

- Never Fix the Price Before the Design

HS2's budgets were set years before route geology, consenting requirements and station designs were understood. The NAO found civil engineering costs rose GBP 5 billion between 2017 and 2019 alone as ground conditions emerged. Baseline only when the design can bear the weight of a number.

- Optimism Bias Is an Incentive Problem, Not a Maths Problem

The NAO concluded in 2020 that complexity was underestimated and optimistic budgets were used to secure approval. Until sponsors bear consequences for inaccurate forecasts, underestimation will remain the rational strategy for getting projects approved.

- Scope Churn Compounds Faster Than Inflation

Eastern leg cancelled in 2021, Phase 2a deferred then cancelled in 2023, Euston redesigned repeatedly, train speed cut in 2026. Each change carried termination, redesign and delay costs - the NAO attributes 11 per cent of the increase since 2020 to scope change alone.

- Sponsor and Deliverer Must Share One Version of the Truth

For years DfT and HS2 Ltd published divergent cost estimates - GBP 45-54 billion versus GBP 49-57 billion, then GBP 54-66 billion - for the same railway. When the two most important organisations cannot agree what the project costs, nobody is managing it.

- Cancellation Has a Balance Sheet Too

Cancelling Phase 2 did not save its budget; GBP 592 million of land purchases and years of design work were stranded, remediation was priced at GBP 11 billion for full cancellation, and suppliers wrote off framework investments. Exit decisions need the same business-case rigour as entry decisions.

- Scrutiny Without Consequences Is Theatre

The Public Accounts Committee warned about HS2's cost management in 2013, 2016, 2020, 2023 and 2024 - and the estimates kept rising. Assurance regimes that can only comment, not compel, produce well-documented failure rather than avoided failure.

- Build Big Programmes as Sequenced, Reversible Stages

DfT itself reflected to the PAC that grand binary schemes should instead be delivered in smaller incremental stages,

letting each tranche earn the next. HS2 did the opposite: a single irreversible commitment whose benefits depended on completing the whole Y - which will now never exist.

Timeline

- 2009-01: Government establishes HS2 Ltd to develop a high-speed rail proposal for London-Birmingham and beyond.
- 2011-2012: Parliamentary approval in principle for a Y-shaped network to Birmingham, Manchester and Leeds at an estimated cost of about GBP 33 billion (2011 prices).
- 2017-02: Phase 1 (London-Birmingham) receives Royal Assent; construction powers begin and detailed ground conditions start to surface in contractor pricing.
- 2019-08: Government commissions the independent Oakervee Review amid rising cost estimates and schedule doubts.
- 2020-01: NAO finds DfT, HS2 Ltd and government underestimated HS2's complexity, with optimistic budgets and dates used for approval.
- 2020-02: Oakervee advises proceeding; government resets Phase 1 with a GBP 44.6 billion funding envelope (2019 prices).
- 2021-11: Integrated Rail Plan cancels the eastern leg to Leeds, the first amputation of the Y-network.
- 2023-03: Government defers Phase 2a (Birmingham-Crewe) and Euston works to manage inflation, accepting higher long-run costs.
- 2023-10-04: Prime Minister Rishi Sunak cancels all of Phase 2 at the Conservative conference in Manchester; GBP 36 billion is redirected to the 'Network North' programme.
- 2024-02: Public Accounts Committee 'HS2 and Euston' report: the truncated Phase 1 offers 'very poor value for money'; GBP 23 billion already spent; full cancellation would cost ~GBP 11 billion in remediation.
- 2024-07: NAO reports DfT and HS2 Ltd still cannot agree Phase 1's cost (GBP 45-54B versus GBP 49-57B, 2019 prices) and urges a fully reset baseline.
- 2025-02: PAC calls HS2 'a casebook example of how not to run a major project', noting HS2 Ltd's GBP 54-66B estimate and a possible ~GBP 80B total once adjusted for inflation.
- 2025-03: New HS2 Ltd chief executive Mark Wild concludes the organisation failed to control costs and was not set up to manage delivery; a second fundamental reset begins.
- 2026-06: NAO 'High Speed Two reset': official estimate now GBP 87.7-102.7B (mixed prices) for London-Birmingham alone; GBP 46.8B spent; initial services 2036-2039, full railway 2040-2043.

Sources

- High Speed Two reset (HC report, June 2026) (National Audit Office, 2026-06)
- DfT makes progress but must get reset of HS2 right this time following past failures (National Audit Office (press release), 2026-06)
- HS2: update following cancellation of Phase 2 (National Audit Office, 2024-07)
- PM redirects HS2 funding to revolutionise transport across the North and Midlands (UK Government (GOV.UK), 2023-10)
- Network North (policy paper) (Department for Transport (GOV.UK), 2023-10)
- Rishi Sunak is promising to change Britain. He starts with railway cuts and a crackdown on smoking (Associated Press, 2023-10-04)