



Department  
for Transport

# High Speed Two Phase Two Commercial Case

**Moving Britain Ahead**

**July 2017**

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# 1. Introduction

## Purpose

- 1.1 The Commercial Case sets out the commercial viability of the High Speed Two (HS2) programme and procurement strategy. This includes consideration of what HS2 is procuring and the timetable of undertaking that procurement.
- 1.2 Recognising that each phase of the HS2 programme is at a different stage of its life cycle, this document sets out for:
  - Phase 2a – The Strategic Case at Outline Business Case (OBC) stage to support the Government’s decision to deposit the hybrid Bill in Parliament
  - Phase 2b – An update to the Strategic Outline Business Case (SOBC) *Strategic Case*<sup>1</sup> (November 2016). This supports the Secretary of State for Transport's Phase 2b route decision and response to the *Route Refinement Consultation*<sup>2</sup> (November 2016).
- 1.3 In line with the HM Treasury Green Book guidelines, this document forms part of a five part business case. The five cases are:
  - Strategic Case
  - Economic Case
  - Financial Case
  - Commercial Case
  - Management Case

## Introduction and Scope

- 1.4 HS2 is a new high speed rail network for the UK, connecting London with major cities in the Midlands and the north of England. It is a Y shaped network that will be delivered in several stages. Trains will also run beyond the Y network to serve places such as Liverpool, Preston, Newcastle and Scotland.
- 1.5 Phase One of HS2 will see a new high speed line constructed from Euston to north of Birmingham, where it will re-join the existing West Coast Main Line (WCML). New high speed trains will serve Birmingham city centre and an interchange station designed to serve the wider West Midlands. At Old Oak Common in West London a new interchange will be built connecting HS2 with Crossrail and the Great Western Main Line. Passenger services are planned to commence on the Phase One route in 2026.

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<sup>1</sup> <https://www.gov.uk/government/publications/hs2-phase-2b-strategic-case>

<sup>2</sup> <https://www.gov.uk/government/consultations/hs2-crewe-to-manchester-west-midlands-to-leeds-route-refinement-consultation-2016>

- 1.6 In November 2015 the Government announced its intention<sup>3</sup> to accelerate the delivery of the section of Phase Two between the West Midlands and Crewe (Phase 2a). At the northern end it will connect with the WCML to the south of Crewe to allow HS2 services to join the WCML and call at Crewe station. Passenger services are planned to commence on the Phase 2a route in 2027 subject to parliamentary approval of the Phase 2a hybrid Bill.
- 1.7 In November 2016 the government confirmed the majority of its preferred route for Phase 2b of HS2, which will complete the full Y network. The southern end of the Western Leg connects to Phase 2a (south of Crewe) and goes onto Manchester with a connection back to the WCML south of Wigan. The Eastern Leg connects to the Phase One route and goes onto Leeds, with a connection back to the ECML at Church Fenton. Passenger services are planned to commence on the Phase 2b route in 2033 subject to parliamentary approval of the Phase 2b hybrid Bill.

## HS2 Operations

- 1.8 HS2 is designed to deliver a significant increase in capacity for the national rail network and in its own right improve journey opportunities for passengers. It will allow new services and free up space on the existing railway for new services and moving freight traffic away from the roads. HS2 will transform links between the south and north of England and act as a catalyst for growth within the regions.
- 1.9 HS2 Phase One is scheduled to be operational in 2026 with Phase 2a scheduled to be operational a year later in 2027 and Phase 2b in 2033. Between now and the point of operation there may be regulatory or other changes to the UK rail industry. Therefore HS2 will have to adapt as necessary as each of the phases moves through the project life cycle. The operational phase of HS2 will require a number of stakeholders to work together to achieve a fully integrated rail network.

## HS2 Construction

- 1.10 HS2 is one of the biggest infrastructure projects in Europe and will have a significant impact on the market, particularly in areas of engineering and construction. Phase One has now achieved Royal Assent, and work has already started on preparing and enabling the construction. The Main Works Civil Contracts (MWCCs) will be awarded this summer.
- 1.11 The contract structure of the Phase 2a MWCCs will be based on Phase One, comprising a two stage contract structure. The two stage mechanism for procuring a supplier may be modified to reflect the outputs of the work that HS2 Ltd will do on the Employer's Requirements Design (ERD) and Surveys described later in this document.
- 1.12 The major portion of Phase 2a works have been, or will be, included as options in the relevant Phase One contracts, while HS2 Ltd also retains the right to procure independently. Phase 2a requires no additional rolling stock or new stations.
- 1.13 Procurement and delivery of Phase 2a is aligned and will contribute to the delivery of HS2's overall strategic goals and objectives, for example, to maximise the business

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<sup>3</sup> <https://www.gov.uk/government/publications/hs2-phase-two-east-and-west-the-next-steps-to-crewe-and-beyond>

growth opportunities in the UK for our suppliers, and to create sustainable job opportunities.

- 1.14 Due to its scale, HS2 will provide significant new opportunities for the construction sector, and will be providing guidance to UK businesses enabling them to bid for contracts on the HS2 programme. HS2 Ltd will also help ensure that the market is able to provide the necessary skills and services to build HS2 and leave a lasting legacy of skills and capability in the UK supply chain. HS2 Ltd will proactively engage with the industry to help businesses, particularly small and medium size enterprises, understand and prepare for potential opportunities.

### Taking HS2 Forward

- 1.15 In February 2017 Phase One received Royal Assent from Parliament. HS2 Ltd is now preparing to enter into contracts that will allow the design of the route to be finalised, leading to the commencement of construction activities.
- 1.16 On Phase 2a, having now deposited the hybrid Bill, HS2 Ltd will continue to develop the design of the Phase 2a scheme, including in response to petitions heard throughout the parliamentary process via Select Committee.
- 1.17 The preferred route for the remainder of HS2 (Phase 2b) was confirmed in November 2016. The final consultation closed on 3 May 2017. We expect that the scheme design will have been sufficiently developed and consulted upon to allow for a Bill to have been developed and deposited within Parliament by the end of 2019.

### Timetable and Strategic Outputs

- 1.18 The summary programme plan for Phase Two is shown in Figure 1 below.

| Date          | Milestone                                    |
|---------------|--|
| November 2015 | Phase 2a acceleration announcement           |
| November 2016 | Phase 2b route announcement and consultation |
| February 2017 | Phase One Royal Assent                       |
|               |  |
| July 2017     | Deposit of hybrid Bill on Phase 2a           |
| July 2017     | Confirmation of route for Phase 2b           |
|               |  |
| 2019          | Phase 2a Royal Assent                        |
| 2019          | Deposit of hybrid Bill on Phase 2b           |
| 2023          | Phase 2b Royal Assent                        |
| 2026          | Phase One open for operation                 |
| 2027          | Phase 2a open for operation                  |
| 2033          | Phase 2b open for operation                  |

Table 1: HS2 Milestones

## Phase 2a Procurements

- 1.19 This section of the Commercial Case sets out what and how HS2 Ltd will be seeking to procure for the Phase 2a programme, ensuring that the supply chain is prepared for the Phase 2a construction in 2020.
- 1.20 Phase 2a (the Proposed Scheme): the western section of Phase Two between the West Midlands and Crewe comprises of approximately 36 miles (58 km) of HS2 main line (including the section which would connect with and form the first part of Phase 2b) and two spurs (approximately 4 miles, 6 km) south of Crewe that will allow trains to transfer between the HS2 main line and the WCML.
- 1.21 The Phase 2a procurement strategy follows the same procurement strategy as adopted by Phase One in combination with lessons learned.
- 1.22 Now that the hybrid Bill for Phase 2a has been deposited, HS2 Ltd will continue the management of the existing Professional Service Contractors (PSCs) for the development of the scheme. This will ensure that any engineering design changes emerging from Select Committee, where there are petitions made against the scheme, are managed and delivered accordingly. The company will also be moving towards its procurements for enabling works and construction.
- 1.23 Phase 2a has broadly similar civil engineering and delivery schedule to Phase One. There are no HS2 stations or rolling stock procurement requirements for Phase 2a.
- 1.24 The packaging strategy will mirror that of Phase One:
  - MWCCs – civil engineering works along the route in cutting, at grade, on embankment, or viaduct, and in tunnelled sections;
  - Flexible Enabling Works Contracts (EWCs) – preparatory works required in advance of the MWCC that may be on the schedule critical path, for example, road and rail works at the Infrastructure Maintenance Base for Rail (IMBR), utility diversions carried out by HS2 Ltd, hydrological works, environmental mitigations and measures, ecological surveys and Ground Investigation works
  - Railway Systems Contracts – six packages with integrated Phase One and 2a scope for the signalling, track, control systems, overhead electricity lines and power supply
  - On Network Works (ONW) carried out by Network Rail
  - Utility diversions and other works carried out by Statutory Undertakers
  - Surveys/Ground Investigation works in support of Employer's Requirements Design (ERD)

## 2. Procurement and Contracting Strategy

- 2.1 This section of the Commercial Case describes the procurement, packaging, and contracting strategy adopted by Phase 2a to deliver the scheme.
- 2.2 The Phase One Procurement Strategy identified four primary procurement categories - Main Works Civil Contracts (MWCCs), Stations, Railway Systems, and Rolling Stock - as well as a separate need for enabling works and ground investigation. In general, HS2 Ltd do not believe that there is currently a case to take a different approach on Phase 2a, however, as procurement experience from Phase One emerges (particularly MWCC and EWC delivery), Phase 2a will continue to keep this under review as to whether this approach continues to offer the best value for money.
- 2.3 Where changes have been made to the approach, these are to take account of Phase 2a differences and to reflect lessons from Phase One experience so far, for example Phase 2a does not have any stations.

### Enabling Works Contracts (EWCs)

- 2.4 Enabling works are important in providing Phase 2a the flexibility to procure a range of services and works packages prior to commencing the MWCCs. This may include design, ground investigation and surveys, as well as time critical works. The contract structure will be the same as Phase One, allowing HS2 Ltd to competitively tender these packages in a timely manner to secure value for money and reflect appropriate risk allocation.
- 2.5 Phase 2a intends to procure these works in advance of the MWCCs. This will improve the schedule confidence of the scheme enabling HS2 Ltd to better understand emerging risks regarding the route and the associated ground works.
- 2.6 The primary enabling works will include initial work at the Stone Infrastructure IMBR which will also be used as the rail head during construction; other works with Network Rail (specified on Network Works) and utilities work (diversions or additional power) undertaken by the Statutory Undertaker and/or HS2 Ltd. It will also allow the seasonal ecological and environmental surveys to be commenced in spring 2019 (i.e. in advance of the MWCC award).
- 2.7 At the current stage of planning for the programme, we expect to procure two EWCs, which are geographically aligned to the two MWCCs. This is to minimise the contractual interfaces for handover from EWC to MWCC. This will also provide some resilience between the two EWCs to ensure that the programme is maintained.
- 2.8 The Phase 2a EWC procurement approach is at an early stage of development in respect of scope, timing, and cost. It is proposed that it follows the principles of Phase One, but will take account of lessons from Phase One with reference to the



robustness of the scope and the most appropriate risk transfer or sharing mechanism and therefore the contracting route to be taken.

- 2.9 Procurement of any EWC would be initiated by publication of a Contract Notice in the Official Journal of the European Union (OJEU) expected to take place in 2017/18 and will be subject to the relevant governance and approvals arrangements in advance of this.

## Employer's Requirements Design (ERD) and Surveys

- 2.10 As part of the ongoing scheme development, HS2 Ltd intends to develop the design submitted with the hybrid Bill (accounting for changes arising from petitions during Bill passage) to a greater level of maturity - referred to as ERD - to inform the final design taken on by the MWCCs and Railway Systems (RSY) contractors. This will integrate the relevant design outputs from the first stage of development under the MWCC from Phase One (common design elements) with Phase 2a specific elements.
- 2.11 HS2 Ltd anticipate commissioning its existing PSCs under their current contracts to progress with certain aspects of the civil engineering and railways systems design development.
- 2.12 In order to better inform this design development, it will be seeking to procure Survey and Ground Investigation works. The initial package of works to deal with stakeholder concerns about particular aspects of the route and help further develop the design in view of the ground stability, is currently in procurement.
- 2.13 HS2 Ltd also plans to procure a wider package of Survey and GI works to provide the remaining support required to develop the ERD. We expect to award these contracts in the 2017/18 Financial Year to inform the design and understanding of conditions in which the scheme will be built throughout the period of taking the Bill through Parliament, and to maintain the overall schedule for the scheme.
- 2.14 The outputs from this Phase 2a ERD/Survey works will be available for the Phase 2a MWCC Invitation To Tender (ITT), providing greater design and ground condition certainty for MWCC bidders.

## Main Works Civils Contracts (MWCCs)

- 2.15 Phase One procured its civil engineering works as seven MWCCs tendered at the same time. These MWCCs were geographically based along the Phase One route alignment, packaging together similar scope types (for example, tunnelled sections) and taking account of the estimated total package value.
- 2.16 It is proposed that Phase 2a procures two geographically based MWCCs – the first of which is between Fradley and Yarlet (including the interface with Phase One); the other between Yarlet and Crewe. The location of the geographical split of the MWCCs (at Yarlet) has been decided to reflect access requirements, self-contained contracts for movement of earth and materials, and the integration of the two short length tunnelled sections.
- 2.17 The Phase 2a MWCC scope is also broadly similar to that in Phase One. The Yarlet to Crewe section is the more complex of the two Phase 2a MWCCs as it includes the

IMBR at Stone, tunnelled sections at Whitmore Heath, and the connections to Crewe and the WCML at its northern end. The estimated value of both Phase One and Phase 2a MWCCs is £7.1bn to £11.85bn (in 2015 prices).

- 2.18 The Phase One MWCC procurement included a provision for the contractors awarded a MWCC to also form a framework that Phase 2a could use to procure its own MWCCs. This procurement route is referred to as the **Framework option**.
- 2.19 The Framework option will also act as an incentive for the Framework contractors to successfully progress and deliver on Phase One, and so be better placed to successfully tender for Phase 2a.
- 2.20 Phase 2a is not obliged to procure its MWCCs from the Framework and if HS2 Ltd elected not to do so, it would initiate a new and separate tender process for its MWCCs. This procurement route is referred to as the **Retender option**.
- 2.21 Under either the Framework or Retender procurement options, Phase 2a proposes to award its MWCCs by Summer 2019, to allow for mobilisation and design to commence in advance of Royal Assent scheduled for December 2019.
- 2.22 Under the Framework procurement option, Phase 2a would undertake market engagement with the Framework contractors only, prior to issue of an I ITT in summer 2018.
- 2.23 Under the Retender option, a more extensive market engagement, a prequalification and shortlisting stage would be required for the procurement. Based on lessons learnt from Phase One, a Contract Notice would be published in the OJEU to initiate the procurement later in 2017 to achieve the programme dates.
- 2.24 With both the Framework and Retender options, HS2 Ltd can deliver the scheme within the timescales set, and achieve operational readiness for December 2027.
- 2.25 The contract structure of the Phase 2a MWCCs will be based on the Phase One approach including the two stage contract structure, where the market is first tested prior to taking the decision to award. The two stage mechanism for procuring a supplier may be modified to reflect the outputs of the work that we will do on the ERD and Surveys described earlier in this document.

## Railway Systems (RSY)

- 2.26 The RSY procurement plan for Phase One proposed integrating the Phase One and 2a scope and procuring six asset based contract packages for the combined route. HS2 Ltd will have a sole discretion option to remove the Phase 2a scope, recognising that Phase 2a is still subject to achieving Royal Assent.
- 2.27 It is proposed to commence the procurement process in 2017/18 and to award the contracts in winter 2019.
- 2.28 This proposed approach will enable each of the different RSY contractors to competitively tender for and deliver across the both phases as a single programme of work, removing technical and schedule integration risk, and accommodating the close proximity of the scheduled dates for commencing passenger operations - 2026 (Phase One) and 2027 (Phase 2a).
- 2.29 The option to remove the Phase 2a scope is preferable to seeking to add Phase 2a scope without the benefit of a competitive tendering process or potentially introducing additional problematic technical and programme interfaces by tendering Phase 2a separately.

- 2.30 It is proposed that the procurement of the RSY contracts are to be single stage design and build contracts, except for the Command Control Signalling and Traffic Management (CCS & TM) where a two stage contract is being considered.

## Third Party Works

- 2.31 As part of the scope for the scheme, Phase 2a has identified a number of pieces of work to be undertaken on Network Rail infrastructure. In line with Phase One, HS2 Ltd and Network Rail have drafted a Protective Provisions Agreement (PPA) that categorises those works to be undertaken by Network Rail itself (referred to as On Network Works), and those works to be undertaken by HS2 Ltd (referred to as Specified On Network Works). Some of the latter have the potential to be included in the Phase 2a EWC scope.
- 2.32 For the On Network Works, Phase 2a has commissioned work from Network Rail to develop early designs in line with the Network Rail Governance for Railway Investments Projects (GRIP) process to ensure that by the time Royal Assent is achieved on the Bill, Network Rail can undertake the construction works required to facilitate the delivery of the route.
- 2.33 These On Network Works will be progressed through a standard Design Services Agreement (DSA) for Network Rail's design activity up to and including GRIP 3 and a Phase 2a Implementation Partnership Agreement (IPA) for design and delivery after GRIP 3. The IPA is a bespoke HS2 Ltd and Network Rail agreement that seeks to strike the right balance of risk and reward for both parties in the design and delivery of On Network Works.
- 2.34 A similar approach has been taken for utilities works (diversions or new capacity). Works to be undertaken by HS2 Ltd will be included in the Phase 2a EWC scope, and work undertaken by the utilities themselves will be included in agreements to be developed between HS2 Ltd and the relevant utilities.

## Contract Management

- 2.35 Phase 2a has a mature contract management system and capability for managing the Professional Service Consultants (PSCs) which were awarded in Autumn 2015. Continued collaborative working with these PSCs will support the development of the ERD and hybrid Bill passage. The civils and systems contracts will be awarded separately, and the contract management plan, delegations and governance will be tested as part of those awards on Phase One. Phase 2a will continue to build on learning from Phase One.

## Risk allocation and incentivisation

- 2.36 The contracts, and commercial incentives for Phase 2a are expected to be similar to Phase One. The Phase One EWCs included incentives for the contractor to share in cost savings from efficient packaging, tendering, and delivery management of the EWC packages, and Phase 2a proposes to adopt a similar approach.
- 2.37 The Phase One MWCCs was a two stage contract and had a period of Early Contractor involvement (ECI) for contractors to undertake design development before

finalising the target price. It is proposed that Phase 2a will also have an ECI period. However, its scope, structure, and duration may be modified to reflect that it will be able to draw on the Phase One ECI outputs, and from additional certainty for design and ground conditions from the Phase 2a ERD/Surveys works outputs as described earlier in this document.

- 2.38 Phase 2a will follow the standard payment terms in the relevant NEC3 Engineering and Construction Contract (ECC), including the principle of keeping the Contractor cash-flow neutral and making advance payments under certain controlled conditions. We expect this to drive better value through Government / HS2 Ltd taking cash flow risk.
- 2.39 The financial incentives will be similar to those used on Phase One, which used a financial risk share mechanism under the contract (pain/gain share). The Key Performance Indicators in each MWCC, and the Collaboration Agreement are designed to incentivise the MWCC contractors individually and collectively to deliver all contractual obligations to time and to budget.
- 2.40 The incentive regime for delivery of the RSY packages is still under development.

## Market Engagement and Lessons Learned

- 2.41 Phase 2a has already taken lessons from Phase One in packaging together the Engineering and Environmental Services elements of the PSCs which has yielded cost and schedule benefits for the scheme.
- 2.42 Early lessons from the Phase One EWCs have been considered to inform the Phase 2a approach, including how the contractors provide input into the work bank packaging and procurement functions, and the extent to which risk can be transferred through the contracting options.
- 2.43 As the HS2 programme progresses, Phase 2a will continue to take into account further lessons that emerge from procurements, contract management, or wider market experience.
- 2.44 Phase One conducted extensive market engagement in advance of the MWCC procurement. The Phase One procurement has included Phase 2a as an option throughout this process. Under the Framework option for Phase 2a MWCCs, Phase 2a will take any lessons from the Phase One MWCC procurement and delivery, and conduct a market engagement with the Framework Contractors with reference to their capacity, capability, and appetite to undertake a Phase 2a MWCC as well as their Phase One obligations.
- 2.45 This engagement will include consideration of the number of entities on the Framework which could be between four and seven depending on the outcome of the Phase One MWCC evaluation. The identities of those entities and their capacity to deliver on Phase 2a, and any experience from delivery of the Phase One ECI as envisaged in the MWCC ITT.
- 2.46 Under the Retender option for Phase 2a MWCCs, wider market engagement may be conducted on the implications of commencing a new procurement for Phase 2a MWCCs and the structure of that procurement rather than utilising the Framework.
- 2.47 Any market engagement responses gathered will be used to inform Phase 2a decisions on whether to continue to keep both the Framework and Retender options open and capable of procuring and awarding the Phase 2a MWCCs by August 2019. Assuming the structure and timing of the Phase 2a MWCC ITT stage is largely the

same under either option, i.e. the contract form and Works Information is the same, a Retender option would need to be initiated by publishing a Contract Notice in the OJEU later in 2017 to achieve an August 2019 award date.

2.48 Further Phase 2a specific market engagement may also be conducted for the EWCs and Phase 2a RSY will be included in the overall market engagement for the integrated Phase One and 2a packages.

# 3. Organisation and Governance

## Delivery Model

- 3.1 To ensure the successful delivery of the output outlined above, the Department for Transport (DfT) originally carried out a comprehensive options-based assessment of delivery models for the HS2 programme. This work progressed between April and September 2013, and was supported by Price Waterhouse Coopers analysis and senior officials from (the then) Infrastructure UK, DfT and HS2 Ltd.
- 3.2 This analysis supported the decision to initiate HS2 Ltd as the delivery agent for the programme. Implementing the delivery model has included the development of the contractual relationship in 2014 through the Development Agreement (DA). The DA is available on the DfT's website. It sets out the deliverables for HS2 Ltd, and the requirements placed on them for reporting to Government on the delivery of the scheme, and managing the development and delivery of this within the agreed budget. Reporting arrangements are more clearly explained within the Management Case.
- 3.3 The Phase 2a project currently sits within the Development / Phase Two part of HS2 Ltd. It is expected, in the coming year that the project delivery team will be merged with Phase One within HS2 Ltd to ensure that opportunities are realised with the delivery of the schemes. This will enable Phase One and 2a to develop a consolidated programme and realise supply chain benefits through a joined up approach to the programme.

## Project Delivery Partner

- 3.4 Phase 2a made a conscious decision in 2015, when developing proposals to accelerate the delivery of the scheme to deliver the scheme development without the use of a Delivery Partner. Because of the scheme size, HS2 Ltd did not believe it represented value for money, instead choosing to manage the scheme with a smaller team with the support of PSCs to support the engineering and environmental design for the scheme.
- 3.5 The team has managed the scheme development within the constrained timescales available.

## 4. Update to the Phase 2b Commercial Case

- 4.1 In November 2016 we published the Commercial Case for Phase 2b as part of the Strategic Outline Business Case. Since then the following developments are worth noting as an update to that case:

### Development Partner

- 4.2 In April 2017 HS2 Ltd confirmed that Bechtel will become the Phase 2b Development Partner and work together with teams from Arup, AECOM / Capita / INECO and Mott MacDonald / WSP.
- 4.3 Together, they will provide the expert engineering and environmental support needed to take forward the development of the route north of Crewe to Manchester and from the West Midlands to Yorkshire, with a hybrid Bill expected to be presented to Parliament in 2019.
- 4.4 The following companies have been appointed:

Phase 2b Development Partner:

- Bechtel

Phase 2b Civils Design and Environmental Services (CDES):

- Lot 1 – CDES - Mott MacDonald / WSP joint venture
- Lot 2 – CDES - AECOM / Capita / INECO joint venture
- Lot 3 – CDES and Environmental Overview Consultant (EOC) – Arup

### Parliamentary Agents

- 4.5 Parliamentary Agents are required by Parliamentary Standing Orders for developing and managing the Phase 2b hybrid Bill (the hybrid Bill will seek the necessary powers to enable Phase 2b of HS2 to be constructed and operated). We plan to issue the ITT for Parliamentary Agents in 2017 which will enable the work to support a planned deposit date in 2019 for the Phase 2a scheme.

## 5. Private Funding and Financing

- 5.1 A key assumption remains that HS2 will be fully publicly funded upfront. The Government intends that the HS2 Infrastructure Manager will levy an Investment Recovery Charge on all operators using the new high speed network (inclusive of Phase One, 2a and 2b). The current intention is for HS2 Ltd to fulfil the role of Infrastructure Manager.
- 5.2 The ability to levy the Investment Recovery Charge is critical to recovering investment costs for the taxpayer and ensuring the long term affordability of HS2. We will determine the level and structure of this charge at a later stage in the project as part of the decisions on the broader charging and operating framework. We will also continue to investigate private financing and third party funding where this could reduce cost to the taxpayer and promote value for money.