

**Jo Shanmugalingam**

**Permanent Secretary – Dept. for Transport**

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15 May 2026

Dear Jo,

I am writing to you following Government agreement of the revised cost and schedule ranges for HS2 to provide my advice following my review of the estimated costs of cancellation and remediation, from my position as HS2 Ltd Accounting Officer.

This advice is intended to support the Department for Transport's work to produce a counterfactual for the Accounting Officer Assessment for the scheme for you as Principal Accounting Officer, as part of the Ministerial decision-making process on updated cost and schedule ranges. This decision is a vital step in my reset of the HS2 programme and organisation. I would like to thank officials in both HS2 Ltd and DfT for their close working in developing the methodology for this assessment.

It is important to note up front the uncertainty of any assessment on this issue. Assessing this is highly dependent on assumptions around the extent of remediation which would be required in the event of cancellation and Minister's willingness to change the law. Cancelling a programme of the scale of HS2 is unprecedented in the western world. Accurate estimates are impossible to benchmark. I am conscious that James Stewart cautions about the use of single point estimates at this stage of a programme, accordingly we have focused on providing an order-of-magnitude range rather than a single figure. This all means we should be cautious when trying to calculate a single cost for cancelling the scheme.

Our collective assessment of the current legal position is that land should be fully remediated, which would include demolishing all built assets, and returning land to the same condition as prior to construction to allow it to be potentially sold back to its original owners where appropriate. It is important to recognise that since notice to proceed in 2020, despite the challenges outlined in our reset advice, HS2 limited has progressed a huge amount of work. Over 100m cubic metres of earthworks has taken place, 45 viaducts and 132 bridges have been started and 4 tunnels bored, with 46 miles excavated. Before considering the technical assessment, there is little evidence that removing these assets would cost much less than creating them. Indeed, in many cases it is more complex as these structures are designed to last for 120 years and not to be dismantled.

As such in modelling this scenario, the costs of full remediation of assets to current legal requirements would in some situations exceed the cost of the build of those assets (it would for example involve demolishing completed assets such as viaducts and completely filling in tunnels, requiring the movement of tens of millions of tonnes of earth). I have not attempted to fully assess the cost of this scenario, which we have agreed would be impractical. We have acknowledged that if a Government were to wish to progress this option they could pass legislation, probably hybrid, to relax the requirement to demolish built assets in the event of cancellation. However, these would need to consider blight, community impacts, ongoing maintenance and above all safety so it is hard to realistically forecast the exact requirements ahead of time.

As such advice has been based around using a "Realistic Remediation Scenario" as the analytical baseline for remediation estimates. This scenario delivers sites that are safe, stable, and acceptable to local communities through measures such as tunnel capping slabs, partial completion for stability, high quality landscaping, and long-term maintenance readiness. This figure excludes operation and maintenance costs for retained assets such as tunnels and viaducts.

HS2 Ltd's analysis indicates that under a realistic remediation scenario, the cost of remediating civil assets represent 35–55% of total Phase One Spend to Date on Civils and Stations, with a mid-point estimate of 45%. The assessment adds contracted direct and indirect costs, HS2 indirect costs, contractual claims and the assumed cost of remediating assets. Assumed profits from land and property resales were also factored in.

Given the huge uncertainties of this assessment, we have also applied an optimism bias of 66%, which the HMT Green Book sets out is appropriate for early stage, non-standard civil engineering projects. In February, this analysis produced an overall cancellation and remediation cost estimate from £33bn to as high as £58bn (2025 prices). This of course excludes sunk cost to date.

This range was based on spend to FY Q3 2025/26. While I consider the methodology and estimate remain valid, it is possible that cancellation and remediation costs will have increased given continued programme spend since that point. This cancellation and remediation cost estimate of £33bn to £58bn compares with the £46.8bn to £61.7bn left to spend (as of October 2025) to complete HS2 as agreed by Government.

I consider this methodology to be appropriate. However, my professional judgement is that this is a conservative estimate given that the detailed approach to cancelling a major project of the scale of HS2 has yet to be defined. It should not be assumed that any organisation could deliver such a cancellation and remediation programme for this amount. However, it represents an appropriate quantum to allow ministers to consider their options.

While this estimate assumes we avoid the disproportionate costs associated with full reinstatement of land to its previous condition, as outlined above this is highly uncertain and the costs of remediation of individual assets could vary widely. In the event the scheme was cancelled we would expect to enter into asset by asset discussions with local authorities and residents about what level of remediation is required. Remediation on the 2a route cancelled in 2023 is evidence of this: Since cancellation, DfT and HS2 Ltd have had to manage a multitude of complexities, ranging from access arrangements and legal uncertainties to extremely complex environmental obligations and stakeholder management, all linked to far less advanced assets than on phase 1.

I have had these assumptions assured within HS2 Ltd and they confirmed this was in line with the expected range given the tremendous work which would be required, but noting the uncertainties in the estimate. You have also had these numbers reviewed within DfT, which has indicated that the approach taken is reasonable in consideration of its use case.

As a counterfactual, this cancellation and remediation cost estimate has a big impact on the overall Benefits Cost Ratio (BCR) in your Accounting Officer Assessment. It is important that we are clear about that and I understand that, for transparency, your Accounting Officer Assessment will include a comparison BCR range if current costs were known at the time of Notice to Proceed (2020).

I would like to thank the collaborative work on this complex issue between the Department, HS2 Limited and HM Treasury.

I am copying this letter to Dean Creamer as Programme SRO. I am content for the Department to share with the members of the Mega Projects Decision Panel. Lastly, I would also be content for it to be published alongside your Accounting Officer Assessment materials.

Yours sincerely,



**Mark Wild**  
**Chief Executive Officer**  
High Speed Two (HS2) Ltd