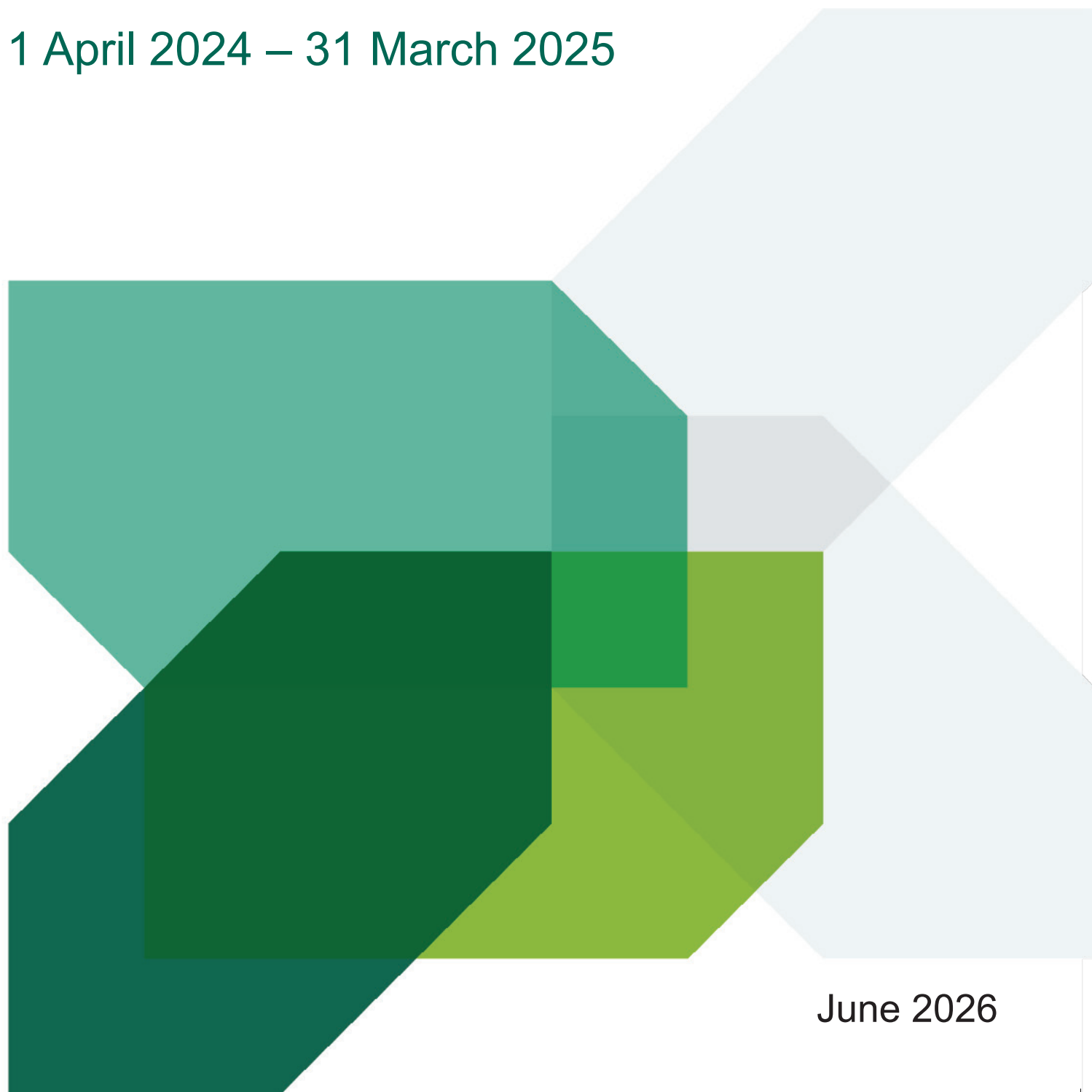




Department
for Transport

High Speed Rail (Preparation) Act 2013 Expenditure Report

1 April 2024 – 31 March 2025



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Presented to Parliament pursuant to section 2 of the High Speed Rail (Preparation) Act 2013



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Background

- The High Speed Rail (Preparation) Act 2013 (the Preparation Act) received Royal Assent on 21 November 2013 and authorised the Secretary of State, with His Majesty's Treasury's (HMT) approval, to incur expenditure in preparation for High Speed Two (HS2) ahead of other legislation.
- This annual report is prepared with assistance from High Speed Two Limited (HS2 Ltd) in accordance with section 2(1) of the Preparation Act. It details expenditure from 1 April 2024 to 31 March 2025 incurred under the Preparation Act.
- With the High Speed Rail (London – West Midlands) Bill receiving Royal Assent on 23 February 2017, the powers under that Act (the Phase One Act) are relied upon for most Phase One expenditure.
- With the High Speed Rail (West Midlands – Crewe) Bill receiving Royal Assent on 11 February 2021, the powers under that Act (the Phase 2a Act) are relied upon for most Phase 2a expenditure.
- The powers under the Preparation Act have been used to incur expenditure to retain and fund safeguarding costs along the former Phase 2b Western Leg (Crewe – Manchester) as well as the route that was Phase 2b Eastern Leg (West Midlands – Leeds) following the previous government's

announcement of Network North in October 2023 in which all HS2 Phases north of Birmingham were cancelled.

- The High Speed Rail (Crewe – Manchester) Bill was retained and in March 2024, the then Transport Secretary confirmed that the Bill would be used to deliver part of Northern Powerhouse Rail (NPR) into Manchester. The Bill was subsequently re-introduced in the King’s Speech to improve rail connectivity in the North. This has impacted preparatory spend over the report period as it includes expenditure incurred on the former HS2 Phase 2b route directly and on NPR. Given the broad scope of section 6 Railways Act 2005, the reliance on the Preparation Act spending powers for the Millington to Manchester section of the adapted High Speed Rail (Crewe – Manchester) Bill is considered extraneous. However, as the Bill spend includes both HS2 Phase 2b spend and NPR it is captured in this report and will be reported on until 13 January 2026.
- Expenditure in this report has been broken down by each cost category referred to in section 1(4)(a) to (c) of the Preparation Act, with Resource and Capital expenditure specified separately, in accordance with section 2(2)(a) of the Preparation Act.
- Following the termination of Phase 2 in October 2023 all spending on Phase 2b is treated as Resource, with the exception of Land and Property expenditure.

- The Preparation Act stipulates that this report should contain details of the likely effect of any overspend or underspend on a total budget (for HS2) of £50.1 billion in 2011 prices (which includes construction and the cost of rolling stock). Following Royal Assent of the High Speed Rail (London – West Midlands) Bill and the High Speed Rail (West Midlands – Crewe) Bill along with the cancellation of HS2 Phases north of Birmingham, the HS2 budget of £50.1 billion in 2011 prices is no longer applicable to the expenditure reported in the Preparation Act. Since 2020, reporting of the HS2 total estimated cost range is publicised through six-monthly updates to Parliament.
- The HS2 programme is sponsored by the Department for Transport (DfT). DfT is the sole shareholder of HS2 Ltd, which it supports through delegated annual funding to promote, design and deliver the railway.
- HS2 Ltd's budget is set by DfT each financial year for the entirety of its activity, including expenditure authorised by the Preparation Act.
- Budget information in this report is based on the initial delegations HS2 Ltd set for activities at the beginning of the financial year. DfT provides an overall budget for each Phase which HS2 Ltd then sets at activity level. Due to ongoing policy discussions regarding Phase 2 following the Network North announcement, the funding delegation was not formally confirmed by DfT until later in the financial year. In accordance with section 1(1) of the Preparation Act, HMT

has approved all expenditure incurred under the Preparation Act.

- Section 1(4)(b) of the Preparation Act authorises expenditure by the Secretary of State in acquiring property. Although the Phase One Act and Phase 2a Act allow the Secretary of State to acquire land compulsorily, there remain some instances where the Secretary of State relies on the Preparation Act to provide authority for expenditure on land and property for both Phases One and 2a. Expenditure on land and property for Phase 2b for the period covered by this report relied entirely upon the Preparation Act.
- In line with the government's commitment to transparency on the HS2 programme, DfT updates Parliament via a six-monthly overview report, the latest of which was published in May 2026. That report is the primary way that ministers update Parliament on the entirety of the scheme. This report only reports on the subset of costs relevant to the Preparation Act.
- The numbers set out in the tables within this report have been rounded to aid legibility. Due to this, they do not always tally.

Summary

Total expenditure under the Preparation Act for the period from 1 April 2024 to 31 March 2025 was £61.4million against a budget of £93.5million, representing an underspend of £32.1million or around 34%. This incorporates expenditure by both the Secretary of State directly and HS2 Ltd on the Secretary of State's behalf.

Of this total expenditure, HS2 Ltd spent £20.4million against a budget of £30.4million, an underspend of £10million or around 33%. This was primarily due to reduced activity related to delay in instruction of works that were planned for at the start of the year, with ongoing policy discussions regarding Phase 2 following the Network North announcement and the change in government.

The Secretary of State spent £41million on the acquisition of land and property and associated property schemes against a budget of £63.1million, an underspend of £22.1million or 35%. The breakdown of this expenditure is shown at Annex A.

With the Phase One and Phase 2a Acts receiving Royal Assent on 23 February 2017 and 11 February 2021 respectively, expenditure in relation to the compulsory purchase of land (including by way of statutory blight notices) for Phase One and Phase 2a now falls outside of the scope of the Preparation Act.

The Preparation Act, however, continues to be used to authorise expenditure in relation to non-statutory property schemes and in relation to properties acquired under the statutory blight regime for Phase 2b. Total annual expenditure on land and property acquired in connection to the HS2 project across all categories and phases is reported in DfT's Annual Report and Accounts, covering financial year 2024-25.

Most of the property acquired under the non-statutory property schemes will not be required for the railway and will in due course be sold, meaning much of this expenditure on these properties will eventually be recovered. Following the cancellation of Phase 2, property acquired that is no longer required may also be sold. As stated in the six-monthly update to Parliament published in July 2025, safeguarding along the former HS2 Phase 2b Eastern Leg has been lifted, apart from a small section in central Leeds to allow for potential enhancements to the existing station, and DfT has initiated a programme for selling land acquired for HS2 that is no longer required for operational purposes.

DfT will carry out this programme carefully to ensure it delivers value for money for taxpayers and does not disrupt local property markets.

Safeguarding along the former Phase 2b Western Leg remains in place and an update on future plans for safeguarding on this section will be provided in due course.

This report also provides a statement on vocational qualifications gained in support of Phases 2a and 2b.

Expenditure incurred on pre-construction activity for Phase 2b, which, for the purposes of this report, includes the former HS2 Phase 2b High Speed Rail (Crewe – Manchester) Bill taken forward to deliver Northern Powerhouse Rail

Design Activity

Design activity is the process of developing the overall design and specification of the railway. HS2 Ltd utilises professional services contractors to support its civil and systems design specifications, environmental assessments and land referencing.

The tables below set out variances against budget for design activity for Phase 2b and High Speed Rail (Crewe – Manchester) Bill undertaken under the Preparation Act with explanatory notes below the table. The total expenditure incurred for the period from 1 April 2024

to 31 March 2025 on design activity was £6.2million against an annual budget of £4.8million, an overspend of £1.4million or around 29%.

Phase 2b Western Leg

Design Activity (£m)	Actual	Budget	Underspend (Overspend)
Resource	-0.2	4.2	4.4
Total	-0.2	4.2	4.4

High Speed Rail (Crewe – Manchester) Bill

Design Activity (£m)	Actual	Budget	Underspend (Overspend)
Resource	5.9	0.3	(5.6)
Total	5.9	0.3	(5.6)

Phase 2b Eastern Leg

Design Activity (£m)	Actual	Budget	Underspend (Overspend)
Resource	0.4	0.2	(0.2)
Total	0.4	0.2	(0.2)

The underspend on Phase 2b Western Leg relates to an accrual of spend in the previous financial year 2023-24 that was realised in 2024-25. The underspend against budget for Phase 2b Western Leg and overspend on High Speed Rail (Crewe – Manchester) Bill was driven by work which, due to uncertainty following the Network North announcement, was not included in the budgets for each area set at the start of the financial year. Ongoing policy discussions following the Network North announcement, meant the funding delegation was not formally confirmed

by DfT until later in the financial year. Design activity through the year was subsequently undertaken utilising the underspend on other Phase 2b activities, resulting in variances between budgeted and actual spend.

The overspend on Phase 2b Eastern Leg was driven by the continuation of safeguarding work for the full financial year, while wider policy considerations remained under review. Design activity through the year was undertaken utilising the underspend on other Phase 2b activities.

Surveying and Ground Investigations

Ground investigation is the examination and study of the soil, rocks and groundwater below the surface. Data from ground investigation ensures that the contractors designing and building the main works can do so safely, economically and efficiently.

The expenditure incurred for the period from 1 April 2024 to 31 March 2025 on surveying and ground investigation work under the Preparation Act was £0.7million against an annual budget of £5.1million, an underspend of £4.8million or around 84%.

Phase 2b Western Leg

Survey & Ground Investigation (£m)	Actual	Budget	Underspend (Overspend)
Resource	0.2	3.9	3.7
Total	0.2	3.9	3.7

Phase 2b Eastern Leg

Survey & Ground Investigation (£m)	Actual	Budget	Underspend (Overspend)
Resource	0.5	0.9	0.3
Total	0.5	0.9	0.3

The underspend against budget was predominantly driven by ground investigation borehole activity that was planned for at the start of the financial year but not instructed.

Project Management

Project management is the discipline of planning, organising and controlling the deployment of available resources to deliver necessary objectives. Its purpose is to ensure HS2 Ltd's design, preparatory works and construction programme are integrated, scheduled and resourced to meet the expected timetable.

Total expenditure incurred under the Preparation Act for the period from 1 April 2024 to 31 March 2025 on project management was £6.5million against an annual budget of £9million, which represents an underspend of £2.4million or around 27%.

Phase 2b Western Leg

Project Management (£m)	Actual	Budget	Underspend (Overspend)
Resource	1.8	3.8	2.0
Total	1.8	3.8	2.0

High Speed Rail (Crewe – Manchester) Bill

Project Management (£m)	Actual	Budget	Underspend (Overspend)
Resource	4.6	4.9	0.3
Total	4.6	4.9	0.3

Phase 2b Eastern Leg

Project Management (£m)	Actual	Budget	Underspend (Overspend)
Resource	0.1	0.3	0.2
Total	0.1	0.3	0.2

The recorded underspend was driven by the impact of ground investigation activities that were planned for at the start of the financial year but not instructed. Alongside a lower headcount than budgeted for High Speed Rail (Crewe – Manchester) Bill work due to the delay in instruction.

Corporate Support

HS2 Ltd allocates a percentage of its corporate support costs (including finance and corporate services, procurement, and accommodation) across all the types of activity undertaken under the Preparation Act. Expenditure incurred for the period from 1 April

2024 to 31 March 2025 on corporate support under the Preparation Act was £7million against an annual budget of £11.9million, an underspend of £4.9million or around 42%.

Phase 2b Western Leg

Corporate Support (£m)	Actual	Budget	Underspend (Overspend)
Resource	2.7	4.4	1.7
Total	2.7	4.4	1.7

High Speed Rail (Crewe – Manchester) Bill

Corporate Support (£m)	Actual	Budget	Underspend (Overspend)
Resource	3.2	5.3	2.1
Total	3.2	5.3	2.1

Phase 2b Eastern Leg

Corporate Support (£m)	Actual	Budget	Underspend (Overspend)
Resource	1.0	2.1	1.1
Total	1.0	2.1	1.1

The underspend against budget, which is attributed from total HS2 Indirect Cost, was the result of reduced activity and reduced indirect spend due to uncertainty following the Network North announcement.

Land & Property

Expenditure incurred on land and property for all phases of HS2 for schemes falling under the Preparation Act for the period from 1 April 2024 to 31 March 2025 was

£41million against an annual budget of £63.1million, an underspend of £22.1million or around 35%.

Land and property (£m)	Actual	Budget	Underspend (Overspend)
Capital	41.0	62.9	21.8
Resource	0.0	0.3	0.3
Total	41.0	63.1	22.1

Expenditure on land and property under the Preparation Act broadly comes under the following three categories:

- Expenditure relating to the statutory acquisition of land and property that is required to construct or operate HS2 where this does not fall under the vires of the relevant Phase One or Phase 2a Acts. This category of expenditure includes the payment of statutory compensation in respect of safeguarded land which is the subject of successful blight applications and litigation.
- Expenditure relating to non-statutory property schemes, such as Express Purchase, Cash Offer, Voluntary Purchase, Need to Sell and Rent Back. The Homeowner Payment scheme is currently available only in relation to Phase One.
- Other discretionary expenditure, which generally involves the early acquisition of commercial property (often at the request of the owner). It is often difficult to accurately estimate completion dates due to the complexity of the deals and the need for negotiation. Expenditure is also incurred where the Secretary of State exercises discretion to acquire a property and/

or make a payment where a landowner has special circumstances or owns an atypical property.

The underspend on land and property against budget was driven by deferral of early acquisition of commercial property following the previous government's Network North announcement and a lower than anticipated number of blight claims reaching completion within the year.

Account of Vocational Qualifications

Section 2(3) of the Preparation Act requires an account of the vocational qualifications gained during the financial year by individuals employed to carry out activities in connection with preparing for, and constructing, the HS2 network.

All vocational qualifications attained in connection with Phase One are referenced in a separate Vocational Qualification Report issued annually under section 66(1) of the Phase One Act.

For reporting purposes, vocational qualifications associated with Phases 2a and 2b gained during the financial year will be included in the Vocational Qualification Report for Phase One covering the period between 1 April 2024 – 31 March 2025. The Secretary of State's view is that this complies with the requirements to report under the Preparation Act.

It is however anticipated that the vocational qualifications associated with Phases 2a and 2b will diminish following the cancellation of the phases.

Annex A: Breakdown of expenditure under the Preparation Act for Financial Year 2024-25

HS2 Expenditure under Preparation Act Budget	Financial Year 24/25			
	Actual	Budget	Variance	
	£m	£m	£m	%
A. Design Activity	6.2	4.8	-1.4	29%
B. Survey & Ground investigation	0.7	5.1	4.1	-84%
C. Enabling / advance	0.0	0.0	0.0	0%
D. Project management	6.5	9.0	2.4	-27%
E. Corporate support costs:	7.0	11.9	4.9	-42%
Total HS2 Ltd	20.4	30.4	10.0	-33%
Land & Property capital acquisitions and compensation schemes (DfT)				
Phase 1	20.6	27.5	6.9	-25%
Phase 2a	0.6	1.9	1.4	-71%
Phase 2b	19.8	33.7	13.8	-41%
Total DfT L&P	41.0	63.1	22.1	-35%
Total HS2 Programme	61.4	93.5	32.1	-34%

Note: The numbers in this report and Annex A do not always sum due to rounding.

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