

PARLIAMENTARY DEBATES

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GENERAL COMMITTEES

Public Bill Committee

HIGH SPEED RAIL (PREPARATION) BILL

Second Sitting

Tuesday 9 July 2013

(Afternoon)

CONTENTS

Examination of witnesses.
Adjourned till Thursday 11 July at half-past Eleven o'clock.
Written evidence reported to the House.

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The Committee consisted of the following Members:

Chairs: ANNETTE BROOKE, † JIM SHERIDAN

† Burns, Mr Simon (<i>Minister of State, Department for Transport</i>)	† Morrice, Graeme (<i>Livingston</i>) (Lab)
† Dakin, Nic (<i>Scunthorpe</i>) (Lab)	† Reid, Mr Alan (<i>Argyll and Bute</i>) (LD)
† Dobson, Frank (<i>Holborn and St Pancras</i>) (Lab)	† Shannon, Jim (<i>Strangford</i>) (DUP)
† Glass, Pat (<i>North West Durham</i>) (Lab)	† Spelman, Mrs Caroline (<i>Meriden</i>) (Con)
† Greenwood, Lilian (<i>Nottingham South</i>) (Lab)	† Stewart, Iain (<i>Milton Keynes South</i>) (Con)
† Hopkins, Kris (<i>Keighley</i>) (Con)	† Sturdy, Julian (<i>York Outer</i>) (Con)
† Lumley, Karen (<i>Redditch</i>) (Con)	† Vickers, Martin (<i>Cleethorpes</i>) (Con)
† Mahmood, Mr Khalid (<i>Birmingham, Perry Barr</i>) (Lab)	Neil Caulfield, <i>Committee Clerk</i>
† Morgan, Nicky (<i>Loughborough</i>) (Con)	† attended the Committee

Witnesses

Councillor Martin Tett, Leader of Buckinghamshire County Council, 51m

Emma Crane, Scottish Parliamentary Liaison Officer, HS2 Action Alliance

Joe Rukin, Stop HS2

Ben Still, Sheffield Local Enterprise Partnership

Chris Tunstall, Director of Sustainability, Transportation and Partnerships, Birmingham City Council

Paul Plummer, Board Director for Strategy and Planning, Network Rail

Rupert Walker, Head of High Speed Rail Development, Network Rail

Jim Steer, Director, Greengauge 21

Harry Cotterell, President, Country Land and Business Association

Andrew Shirley, CLA Chief Surveyor, Country Land and Business Association

Ralph Smyth, Senior Transport Campaigner, Barrister, Campaign to Protect Rural England

Public Bill Committee

Tuesday 9 July 2013

(Afternoon)

[JIM SHERIDAN *in the Chair*]

High Speed Rail (Preparation) Bill

2 pm

The Committee deliberated in private.

Examination of witnesses

Councillor Martin Tett, Emma Crane and Joe Rukin gave evidence.

2.3 pm

The Chair: Good afternoon, colleagues, and welcome to this afternoon's evidence session. This panel will finish at approximately 3 o'clock, so measure your questions accordingly. May I ask the witnesses to introduce themselves and their organisations?

Joe Rukin: My name is Joe Rukin. I am the campaign manager for Stop HS2.

Emma Crane: My name is Emma Crane. I am campaign director for HS2 Action Alliance.

Martin Tett: My name is Martin Tett. I am the leader of Buckinghamshire County Council and chairman of 51m, a group of the 19 local authorities united to oppose the scheme.

The Chair: Many thanks for that. We will kick off this afternoon's session with Lilian Greenwood.

Q68 Lilian Greenwood (Nottingham South) (Lab): One of the core arguments for the line is the capacity challenge that railways face, particularly on the west coast main line. In 2011, Network Rail undertook the west coast route utilisation strategy, and it found that a new line would be the most cost-effective way to meet that capacity demand. As an opener, it would be helpful if you explained why you disagree with that assessment.

Emma Crane: Maybe I could start and anyone else can chip in. In terms of capacity, it depends what kind of capacity you are looking at and whether the objective of High Speed 2 is to deal with long-distance capacity or short-distance, suburban commuter capacity. The original objectives of HS2 were put out as being to do with long-distance capacity on the west coast main line. The 51m optimised alternative, which looks at how to deal with long-distance capacity, provided a solution to the long-distance capacity problem on the west coast main line. The Department for Transport and Network Rail have not disputed that the 51m alternative works for long-distance capacity.

At the time the 51m proposal was produced, we did not have the figures for the loading on the west coast main line for long distance—they had not been made available—but as part of the judicial review process back in December, those figures were made available for

the first time. They showed that the loading figure for long distance on the west coast main line was 52%, which appeared to indicate that there was not so pressing a problem of capacity—on long distance, that is. The 51m alternative can deal with a doubling of capacity on long-distance travel.

If you are looking at dealing with short-distance, suburban commuter capacity issues on the west coast main line, that was not specifically addressed in the 51m alternative, because it had not been tabled as one of the strategic objectives for HS2. Had that been one of the objectives, 51m would have been able to address that, because there are obviously solutions. Martin, do you want to add to that?

Martin Tett: A colleague of yours, John Bercow, once described demand forecasts as the rapid moving of goalposts. The issue is, first, about what you mean by demand forecasts. One can argue a lot about the historical accuracy of demand forecasts coming from the Department for Transport. I refer you back to High Speed 1 as a fairly classic case study of demand forecasts for travel that were never ever met or even materialised. There are also issues about when the actual demand is capped. The date of the capping has moved around randomly, apparently to meet actual business case requirements, rather than to reflect any accurate forecast of when demand would peak. If you take the forecasts anyway, the 51m option that we put forward meets all of the demand for capacity that has been forecast by the Department for Transport—all of it. It generates an increase of 217%, based on the same baseline as High Speed 2.

The question put to us when HS2 was originally tabled—I had meetings with the original Secretary of State for Transport on this—was about inter-city capacity; that was the big challenge. That was the challenge that we picked up and that our optimised alternative was targeted to meet. We put frequent freedom of information requests to the Department for Transport to understand how heavily loaded the existing west coast main line was. Those freedom of information requests were repeatedly refused. Eventually, at the High Court, as my colleague said, the Department for Transport was forced to disclose that in the peak period, on the Department for Transport's own numbers, those trains are only 52% full. In other words, they are half empty.

The issue with capacity—it is deliberately blurred by the Department for Transport—is not inter-city capacity; the issue lies with what it calls commuter capacity, which is really in belts such as Hemel Hempstead, Milton Keynes, Northampton and so on, and what it describes as suburban capacity, which is fundamentally Watford and that inner belt just outside London. They are fundamentally different: they have different trains and they have different issues. We can address all of those issues, because our alternative for the Watford and suburban traffic, which we can easily meet the demand for, involves freeing up train tracks. We can do that quickly, very cost-effectively, far quicker than HS2 will do, and you can do it incrementally as you see demand materialise. So quite frankly, the Network Rail report was a hatchet job to try to convince you, as MPs, that our alternative does not meet demand, but it does.

Joe Rukin: The reality with capacity is that long-distance journeys make up about 10% of the total rail usage in the country, and HS2 forecasts a 2.4% increase in

long-distance journeys, to go on for ever; then, apparently, when HS2 is built, there will be a 30% demand increase, simply because of the fact that HS2 has been built. The reality is that the latest figures from the Office of Rail Regulation show that in the first quarter of this year compared with last year, there was a 2.6% decrease in passenger numbers on long-distance journeys, so the figures are actually now going down. The other reality is that, as the National Audit Office reported, the real issue on the west coast main line is the short-distance suburban journeys—one of the issues, of course, being Milton Keynes.

One of the things that seems to be completely ignored is, of course, that when east-west rail gets done—at least from Oxford to Bedford—you will have opened a new path from Milton Keynes into London via the great central line, into Marylebone. That is another issue that will address the short-distance commuting problems. That is the reality—the majority of rail users are not long-distance users. They are people who make short journeys.

It is very easy to make an argument on full capacity, because everyone who has been on a train has been on a busy train; however, the west coast main line is not the place that you would be looking to address first. There are five stations in London that are reporting over 100% capacity in peak hours. The rail utilisation survey again showed that, besides Heathrow Express and of course HS1 into St Pancras, Euston is the third least utilised station coming into London. It is not where you would seek to address the problem.

Martin Tett: May I just make one quick observation? If you want to solve commuter capacity, which is clearly an issue—we do not dispute that—to places such as Watford, Northampton and Milton Keynes, you would not spend £70 billion of taxpayers' money to do it. That is the bottom line.

Q69 Lilian Greenwood: I know you accept that there is a capacity challenge to be tackled. Many people's experience would be that on existing peak-time services on the west coast main line, many passengers are already unable to find a seat, so can I just press you a little further? Accepting that we are looking at capacity in the round, not at inter-city rather than shorter distances: to address capacity on our rail lines, as opposed to individual trains, are you favouring the high-cost peak-time tickets in order to manage passenger demand, or do you have other proposals about how we meet our capacity challenges, and can you be a bit clearer about what those are, other than the 51m proposals that Network Rail examined?

Martin Tett: Well, if I can try to respond to that: first, the 51m proposal put forward was not properly examined by Network Rail. What they did was judge it against criteria that had never been in the public domain, in terms of the task that we were being set. They judged it on suburban and commuter capacity, which was not the issue—in fact they never identified HS2's performance against those, so they completely moved the goalposts. We had offered to come back and discuss any of the outstanding issues that they had, or any questions, but they never once took up that offer. If they had done so, we could have clarified exactly how we met that particular requirement.

The 51m response is a package of measures that frees up capacity on the existing west coast main line. It involves turning some of the existing—frankly, quite poorly used—carriages into standard class carriages, and lengthening the trains. There is an improvement package for some of the junctions, like Ledburn junction and Stafford—in fact, many of those are now being modernised, with the pinchpoints being taken out by an existing programme that the Government have announced. That would mean that with the 51m option, which costs around £3 billion, as opposed to what will be in most people's mind, which is nearly £70 billion, and I can count those numbers, you could actually free up the capacity you need for suburban and commuter capacity at a fraction of the cost, you could do it incrementally so that you would know that you are spending the money in line with the forecast increase in demand, and you could implement it far more quickly than HS2 would bring any relief to the likes of Milton Keynes or Northamptonshire.

Would it involve and could it involve tariff changes? It could do. One of the issues is that you see demand peak and capacity run short when you have the change in tariff on the existing train. When you get the much cheaper Friday night tickets and students pack on to the trains, it produces a peak in demand—it is a bit like airlines. If you manage your tariff structure, you can smooth out some of that demand; that is an option. The fundamentals of our package are improvements on the existing west coast main line—not digging up the whole track, but fundamentally adding capacity.

Joe Rukin: Just look at the number of rail industry experts who are saying that capacity can be delivered quicker, cheaper and more effectively by upgrading the existing rail infrastructure. David Bayliss, the former director of planning at TfL; David Henderson, the former head of economics at the OECD; David Sawyers—a lot of Davids—the former director of economics at the DfT; and John Smith, the former director of regulation at Railtrack: they are all saying that it would be more effective to invest in the existing rail infrastructure. The best one is Adam Mills, who is the former director of Eurostar. You may have read his letter in *The Times* last week in which he was basically saying that it would be far wiser to spend money on traditional rail enhancements. He spent two years trying to justify the unjustifiable in the forecasts for HS1 and, of course, the forecasts of what HS1 would bring in terms of economic impact in the areas it serves.

Martin Tett: Can there be an MP around this table who does not have a key transport scheme in their area that desperately needs funding, whether it is road or rail infrastructure? If we could deliver the capacity you need at around £3 billion, rather than spending nigh-on £70 billion, the money could be invested far more effectively in the sort of schemes that each and every one of you have. It is the opportunity cost that is fundamentally the question here. Would you really want to spend that amount of money to solve a problem that basically impacts between Northampton and Watford; or would you rather spend that money in some of our great northern cities, in the north-east, in Scotland, in Wales and in the south-west, on the transport schemes that your constituents really care about?

Q70 Lilian Greenwood: Obviously, that is a question we asked of senior people in Manchester, Birmingham and Nottingham this morning, and they were all very supportive of High Speed 2. I want to come back to a very specific issue on the 51m proposals. Network Rail concluded that, under the 51m proposals, 1,300 passengers from Euston would be without a seat in the busiest hour of the evening by 2026, and it found that by 2035 the number would have increased to 2,200 passengers left without a seat. Is it not the case that your proposals do not fully cover the growth in passenger demand? How would you seek to address the need for extra capacity in order to improve the amount of rail freight that we are able to carry on our network?

Martin Tett: There is a whole series of tiered questions there, with great respect. As I said, the Network Rail report fundamentally blurs the distinction, and I have to keep coming back to this because they are fundamentally different markets. You have suburban capacity, which is basically around Watford; you have commuter capacity, which is the sort of Milton Keynes-Northampton area; and then you have inter-city rail. We do not dispute that there is an issue with the current demand around Watford up to the Milton Keynes-Northampton area, and our proposal would meet that by taking away some of the pinchpoints on those lines so you can run better, quicker and more effective suburban and commuter capacity. Our proposal also meets all of the forecast demand, the 217% increase in capacity, which is in line with the organic growth forecast by the Department for Transport.

Do I think there is an issue that we fail to address? No. Do I think the alternative has been deliberately misrepresented and that the differences in those markets have been blurred in the way that Network Rail has reported? Yes, I do.

Emma Crane: To pick up on the freight point, which I think that you also mentioned, it has been discussed that HS2 is needed so that freight capacity can be freed up on the existing routes. However, a service pattern was published in January 2013 for HS2, and because of the way in which that service pattern works, HS2 would not free up capacity for freight. In fact it is replacing services to existing stations which are not going to be directly served by HS2. Therefore that service pattern takes away the capacity for freight.

If we are looking to increase freight capacity, surely we would need to look at improving and electrifying the lines around the major ports, which is where most of the freight will be coming into before it goes to the rest of the country. As I say, the service pattern published in January 2013 established that capacity is not available for freight.

Q71 Kris Hopkins (Keighley) (Con): As somebody who frequently stands up until Doncaster before I can get a seat on the train, I think that the problem might be a little more severe, and extend beyond Watford and Northampton. We heard interesting contributions this morning from the voices of Greater Manchester and the body that brings together all the mets in the country. They were very enthusiastic and supportive of HS2; they clearly believe that the economy of the north of England would grow as a consequence of it. In fact, one of them said that they believed that the economy in the north would decline if it did not happen.

There appears to be quite a disparity—I hope that the Scottish representative will excuse me for a minute—between the south and the north of England in relation to the potential of HS2. I am wondering what the cause of that disparity is. Why are Buckinghamshire and its authorities less enthusiastic than the good people of Yorkshire and Lancashire?

Martin Tett: Perhaps you ought to ask that question of my colleague, Councillor Peter Box, who is chairman and leader of a Yorkshire authority.

Kris Hopkins: One small authority—

Martin Tett: If you talk, as I think you did this morning, to someone like Professor John Tomaney, who is probably one of the best experts on high-speed rail and its impact on regional economies, you find that most of the evidence, when you look at it around Europe, is that high-speed rail benefits the major capital cities.

There is also a tendency to agglomerate around where the stations are, so if you are in the centre of Manchester it is very likely that you will see a property boom, because lots of people will want to agglomerate around that rail line, which is absolutely understandable; but if you live in Rochdale, Oldham, Burnley, or some of the other cities, you are most likely to see the business that would have gone to your towns go to those particular major stations. It is great if you are the leader of the city councils of Manchester or Leeds; there is lots of prestige in having a brand new, spanking station built at taxpayer's expense there. However, if you happen to live along the route to some of our many great cities in the Midlands that surround Manchester and Leeds, you are likely to see business that would have been there move to the centre of those cities and the likely loss of existing business to those centres.

Overall, most of the evidence suggests that HS2 will in fact suck business away from those northern towns into London. I refer you to the National Audit Office report, with which I am sure you are familiar, which says that there is no evidence whatsoever for all the exaggerated claims that are made about the north-south divide, regional regeneration and so on. It is great spin to justify an enormous price tag for a project.

Q72 Kris Hopkins: May I clarify something? We heard this morning from witnesses who are hardly spin doctors. Sir Richard Leese, who is quite a substantial individual in local government and is entirely respected, said that every single authority in the north-west has supported HS2, and I know that every single authority in Yorkshire, with the exception of Bradford and Wakefield, has too. We had a conversation this morning about business being sucked out of Oldham, but the witnesses were still absolutely sure that this was boosting business in the north of England and that business would decline if it did not happen. You have explained why Oldham or Birmingham might suffer, but we did not get to the point of why Buckinghamshire and those authorities are opposed to it when there is near-unanimous support across the north of England.

Martin Tett: Again, there is a whole series of different questions. On why some northern authorities support it, I think there has been a terrific public relations exercise to convince people that this will magically solve

the north-south divide. If you look at all the evidence—the National Audit Office report, the extensive work of people like Professor John Tomaney, and the example of what has actually happened to surrounding places such as Lille in France and Seville in Spain—it is not the case that it delivers what is promised in advance. These are great spins to try to get you to approve massive amounts of taxpayers' money.

Let me answer the other half of your question: why is Buckinghamshire against it? It is clearly being posed as one against the other. As local councils, we are used to having to take very unpopular decisions. Sometimes they are bitterly opposed by local residents. I am in the middle of trying to get an incinerator in the north of my county. It is very unpopular, but we are always mindful of the fact that we are spending taxpayers' money, so we must ensure that it is good value and that there is a really robust business case. I am absolutely convinced that my project in Buckinghamshire has that.

We are also supporting a railway line through Buckinghamshire. The east-west railway line will run from Oxford to Cambridge eventually. It carves through Buckinghamshire, but it has a phenomenally good benefit-cost ratio in excess of 10:1. The problem when you look at High Speed 2 is that it has an absolutely abysmal business case—not poor; abysmal. If you strip away most of the inaccuracies that the National Audit Office report referred to, and look at the fact that HS2 used out-of-date modelling and tried to include the outdated myth that people do not work on trains, you find that the first stage will lose taxpayers' money. It has a BCR of less than 1:1. That is an appallingly bad use of taxpayers' money. As a local councillor, I am very mindful that I am held to account for that money. As MPs, you also need to be mindful of that.

Emma Crane: May I add to what Martin said, picking up on the jobs issue? He said that there is a lack of hard evidence. If you look at HS2's own figures about job creation, they predict 40,800 jobs for phase 1, but if you look at the detail, only just over 10,000 are permanent jobs because it reckons that 30,000 will come from moving existing retail jobs. That is the concept of premises moving to around where a station will be. It will create very few concrete jobs, and that is based on HS2's own figures. The other thing to bear in mind is that 70% of those jobs are in London, and again that is HS2's own figure. The wild claims that HS2 will create jobs in the north are unfounded; to date, we have not seen any hard evidence to prove it. In fact, all the hard evidence available says the exact opposite.

On the opportunity cost of what could be done with that money, if you say to northern cities you are offering them HS2 and that it is the only thing on offer, you can see why they would say yes. They would rather have HS2 than nothing, but will it really bring the jobs and regeneration that are promised? Those northern councils will be asked to contribute towards the cost of HS2 but we do not yet know the amounts. Will they be so comfortable with it when faced with the additional costs?

The Chair: There is a limited amount of time, and a number of people wish to ask questions, so they should be brief and, more importantly, answers should be briefer.

Q73 Graeme Morrice (Livingston) (Lab): I notice that Emma Crane is the Scottish parliamentary liaison officer for HS2 Action Alliance. Obviously, you are addressing a UK parliamentary Committee and the prime responsibility for the project is with the UK Parliament and the UK Government. I was wondering what your role is in relation to the Scottish Parliament.

Emma Crane: I think it is just about making Scotland aware of the issues around HS2. I would say this to Scottish MPs and the Scottish Parliament: proceed with caution where HS2 is concerned. We have done a report on HS2 in Scotland. If you look at rail in Scotland, Network Rail's figures show that 92% of all rail journeys in Scotland begin and end in Scotland. I am happy to write to you with those figures. That highlights that there is not a huge demand for high-speed rail in Scotland, because most of the journeys are within Scotland.

You have to then look at the huge capital cost, because transport is devolved. The annual capital budget for transport is around £300 million and the cost to take HS2 north to Scotland is around £9 billion to £12 billion. That is a huge cost. There is also the opportunity cost of what else you could do with that money in Scotland. There are huge amounts of electrification that could be done in Scotland that are not being done. If you look at the far north of Scotland, speeds are slower than they were 100 years ago. Glasgow has the biggest problem with commuter overcrowding outside of London. My advice to Scottish MPs would be to proceed with caution around HS2. Is it necessarily going to achieve all that you think it might? What else could you do with that money?

Q74 Graeme Morrice: I will certainly accept that the minority of journeys that commence in Scotland end in England. Maybe part of the problem is the length of time it takes to get from Edinburgh to London. From Edinburgh Waverley to London King's Cross takes four hours 20 minutes. I do that journey weekly. Obviously the project, if it is eventually agreed to extend high-speed rail from Manchester and Leeds northwards to Glasgow and Edinburgh, is about reducing the journey times. Would you not see an economic benefit to Scotland as a result of that?

Emma Crane: Again, you have to look at the huge cost of it and the other things that you can do to achieve journey time savings. There are various upgrading works that can be done to the east coast main line to significantly reduce the journey time, and those are not proceeding at the moment. Proceed with caution. Is the £70 billion going into HS2—who knows how much it will end up being—diverting funds away from doing things such as upgrading the east coast main line, which could achieve journey time savings in a relatively short time?

Q75 Graeme Morrice: There is also the capacity issue.

Emma Crane: There are things that can be done to address that as well, but not if money is not allocated to those projects.

Q76 Iain Stewart (Milton Keynes South) (Con): I would like to return to the issue of freight capacity. Taken as a whole, do the 51m upgrades change the number of freight paths on the east and west coast main lines? If so, by how much?

Martin Tett: That is a very technical question, and I could not give you the answer here, but I am happy to give you one by correspondence. The other point that I would make on freight—Ms Crane made this point—is about opportunity cost. Our proposals will cost something around £3 billion, but the total cost of HS2 is £42 billion or £43 billion, plus the cost of the rolling stock and the operating costs. That figure is heading towards £70 billion. With that sort of expenditure, you could make massive changes to the road infrastructure that freight also runs on. I understand that that is not the green aspect, but the reality in the UK is that the vast majority of freight runs on the road. A package that involves upgrading both rail and road would do more on freight than the deployment of extra capacity on HS2. I can write to you with a detailed answer on the freight paths, which I openly confess I am not enough of a geek on.

Q77 Iain Stewart: I would be interested to see that, because for me one of the key arguments is on how we have capacity on our rail system for rail freight. If we consider how international shipping movements are changing, for the UK, that is likely to mean Southampton, London and Felixstowe increasing their share of the freight movements coming in out of the country. Those then have to be transported up the west coast main line and the east coast main line to distribution centres in the midlands and the north-west. That is likely to see a significant increase in freight demand on these key trunk lines. I would be grateful to see how your analysis—your package—would address that problem.

Martin Tett: I am happy to respond to that.

Q78 Pat Glass (North West Durham) (Lab): May I ask you your views on the competence of HS2 Ltd?

Martin Tett: I think I heard the question, but just to be absolutely sure, would you mind repeating it?

Q79 Pat Glass: Can I have your views on the competence or otherwise of HS2 Ltd?

Martin Tett: I thought that was what you asked.

Joe Rukin: I would not trust them to guard a lamp post. HS2 Ltd—there is poor governance, no transparency, and no accountability. We ask questions of HS2 Ltd and we very hardly get answers. What has passed? The community forums that have been taking place recently have basically been for no other reason than an attempt to comply with the Aarhus convention. They have been window-dressing, purely and simply. Very little has happened by them. The favourite quote that we get from HS2 Ltd is, “We’ll get back to you on that one,” and we get very little in the way of answers. There are grossly overpaid staff in HS2 Ltd. For example, the number of people in the media department—we simply do not understand what exactly it is that they do all day, because we see no output from them whatsoever. That is just one straightforward example. HS2 Ltd seem completely out of control.

The worst issue with HS2 Ltd is that they seem to have no concept whatsoever of budgetary control, because the consultants that have been employed by HS2 Ltd have just been effectively given a blank cheque. There is one great example of a contract that was meant to last 18 months, worth £13.3 million. They had spent £14 million in nine months, and it continues to go on. The Euston

debacle, which I am sure Sarah Hayward mentioned this morning, is another great example of the fact that there is absolutely no cost control from HS2 Ltd whatsoever, as far as we can see. Costs will continue to escalate, which is our major concern about the Bill, because we see it as a Bill for a blank cheque to go forward in developing HS2, paying that money to the consultants. There are some—I could go on at length, but I am sure that my colleagues want to come in.

Martin Tett: I will give you my view, and I feel like saying I come to bury HS2 Ltd, not to praise them. In fairness, they have a very tough job. Let us be frank about this. They have been given a real challenge to deliver this, given, quite frankly, as I said just now, the abysmal business case, the environmental damage it will cause, the degree of opposition, and the fact that virtually every economist in the country now opposes it. This is a real uphill challenge for them. They have done a number of things over the past couple of years. I think you have interviewed their chief executive, Alison Munro—or she was at the Public Accounts Committee last week. You can form a judgment on her.

In my experience, I think the quality of people—a lot of this comes down to quality of people and competence—is mixed. There are a few reasonable and some pretty good people in HS2 Ltd. I think there are a lot of pretty mediocre people in HS2 Ltd, and I would question the general competence and ability of some of the middle and more junior managers. I say that, trying to be as objective as possible, because they have a very difficult job to do. It is not going to be easy for them, but if you look at the way they have managed their budgets, they have—I think it was last year they came in over budget and needed a supplementary estimate to get them through. They have some incredibly highly paid people. If you look at Alison—it is public domain, so I can say this—her total package last year was £203,000. Compare that with the salary of a nurse or a teacher in your constituencies; do you feel that that is an adequate balance of reward and delivery? Each of you can make that judgment call, but we are spending an awful lot of money. The chairman gets £125,000 for two days a week. Again, is that good stewardship of public money? That is in the published report of accounts so it is in the public domain; I would not mention it otherwise.

Quite frankly, I question whether they are well enough targeted in terms of outcomes. Do we know what they are meant to deliver? Do we know what their key milestones are? Have they met those milestones? Have they always remained within budget? Do you have proper scrutiny, as Members of Parliament, of the budget and expenditure that HS2 is incurring? They are spending something like £360 million as of this year; how many times has Parliament scrutinised that expenditure? Is it good value for money? Are they delivering what they have committed to deliver, and if so how did they get the estimates for the cost so dramatically wrong?

Q80 Martin Vickers (Cleethorpes) (Con): You were rather dismissive of your colleagues from the northern authorities, describing some of what of they had to say as a bit of a PR exercise—they have been sold HS2 and been told, “Take it or leave it; you are not getting the money for other things.” I think that is unfair to them, because I am quite certain that they have thoroughly

examined other possibilities. There are advocates, as you will know, who oppose HS2 and have said, “Share the money out among the local authorities in the north—they’d go for that,” but clearly that is not the case.

The previous Government and this one have accepted the city region concept—that a thriving city has a trickle-down effect into the regional economy. You mentioned Professor Tomaney, who did indeed talk this morning about some cities being a magnet; I thought some of his evidence was contradictory, but that is by the way. Do you accept that, in order to have those thriving city regions, you have to have connectivity? The argument was mentioned that it sucks jobs in from neighbouring towns—Manchester was given as an example of that in relation to Oldham and Rochdale. However, do you accept that a resident of Rochdale would rather have a job in Manchester than an offer of one in London, and that in order to get the investment in Manchester and elsewhere, you have to have connectivity with other major cities?

The Chair: Before anyone answers, Martin, was there someone specific you wanted to answer your question?

Martin Vickers: No.

The Chair: We cannot have every question getting three answers, because a lot of people want to ask questions.

Martin Tett: I will give a very short answer. It is a very similar question to one we have already answered. First, let me be really clear that I am not dismissive of people such as Richard Leese. I have a very high regard for him: he is an excellent council leader, and I would not want it anywhere on record that I was dismissive of him. That goes for many of the other major leaders of councils around the country. I just wanted to be clear on that.

Do I believe that if you were offered a high-speed rail link to London, and were not given a package of options—it was take it or leave it, which is what Ms Crane said—you would go for it? Of course you would. Human nature says that. However, what if you were given the opportunity to look at the opportunity cost, and you could have a large number of high value schemes with really good benefit-cost ratios around your region, right the way through the northern cities? Take Manchester, for example: I spent all last week in Manchester, and there is a great tram system there, which actually begins to pull the city together. You could extend the tram systems and you could link up the northern cities, but they have never been offered those options in terms of that capital expenditure. That is the key point: give those leaders the package of options and see whether they pick High Speed 2, as opposed to offering them that or nothing.

Joe Rukin: The reality is that HS2 is effectively being touted as an excuse for not having regional policy. You made the point about whether someone from Oldham would rather have a job in Manchester or in London: actually, they would rather have a job in Oldham. That is the problem: we are not looking at investing in our depressed areas. Instead, we are just looking at chucking everything at some city centres that are reasonably prosperous when compared with the outlying regions.

The other thing is that you talk about connectivity, but HS2 does not provide connectivity. The only place it really connects to is Euston. With everywhere else, when you look at the stations, with Leeds, the station is on the other side of the river from where Central is now; with Birmingham Curzon Street, the other station for Birmingham is on the other side of the M42 from the airport. You lose the advantage of the time saved because of the distance in the interconnecting journey. HS2 is not providing connectivity. Providing connectivity is looking at the stations that are already in place and expanding capacity from them.

Q81 Martin Vickers: I would not accept that the scheme is not providing connectivity. I am also thinking about existing announcements as regards investment in connecting Liverpool, Manchester, Leeds—the northern hub. Do you not accept that as a package, the whole thing will contribute to the revival of the northern economy?

Joe Rukin: I think the northern hub is a great point. It is not the full northern hub that is being rolled out, and that would increase the prosperity of the north far more. If you want to increase the prosperity of the north or the midlands, the last thing you want to do is make it easier to get to London.

Q82 Nic Dakin (Scunthorpe) (Lab): We heard this morning from the northern authorities’ leaders about how destructive the £10 billion west coast main line was to the local economy. Network Rail’s assessment of the optimised alternative, which you have already talked about, concluded that the suggested enhancements are “significant infrastructure interventions that would almost certainly require total blockades of the line” similar to that undertaken 10 years ago by the west coast upgrade. Have you calculated, as part of the alternative, what the wider economic costs of that disruption would be to those economies?

Martin Tett: Let me try to answer that easily. The answer is that I do not accept its judgment on that whatever. We are proposing an option that fundamentally provides all of the capacity that is forecast by increasing the length of the trains and reconfiguring those trains. It meets the commuter and suburban capacity requirements by taking out two pinch points. Those pinchpoints are now on the Government’s own infrastructure programme, so they will be done anyway, which means that our alternative now requires no public subsidy whatever, unlike £33 billion for HS2. By comparing it with the previous upgrade of the west coast main line, you are comparing apples with pears, because they were changing an upgrade in the track. We have no intention of doing that. By contrast, HS2 effectively proposes to rebuild Euston station, as I am sure that Mr Dobson knows. The cost and disruption of doing that is phenomenal, particularly to commuters coming in and out of Euston station who will be subject, in HS2’s own judgment, to virtually a weekend off-peak service during that work. I do not accept the judgment. It is a fundamental misunderstanding of our proposal, which we would happily have clarified had they contacted us at any point during that evaluation.

Joe Rukin: The other thing that has to be taken into account is, yes, look at the disruption that the 51m alternative might cause, but where is the assessment of the disruption that HS2 itself will cause? There may be minor—actually, what is happening at Euston is not exactly minor. There may be some impacts on the rail network, but where is the assessment of what is happening to the road network? HS2 Ltd is proposing to move the M1 in two places, to move the A42 where it becomes the M42. Where the Birmingham interchange station is, it has to cross the A45, four lanes, the A452, four lanes, the M6, and the M42, and you are building a station with all the things that go with that—all in the space of two miles. There is an expression for that—traffic chaos. Where is the assessment of that in the HS2 plans? The answer is it is nowhere. It has paid no attention whatever to the disruption it will cause or the disruption on jobs as well.

Q83 Nic Dakin: The things you are saying about HS2 and all the other things are fair, and obviously they are the things that we are properly interrogating. I am not picking up that there has been any alternative assessment of the economic impact of your proposals other than the one we have from Network Rail. Am I getting that right?

The Chair: Briefly, please.

Martin Tett: I am not sure that I understand the question. Has there been an assessment of the economic impact? What we propose to do by making the changes in the west coast main line that I have already outlined is to provide the capacity that the Department for Transport forecasts. Therefore, we would actually generate all the capacity requirements that are proposed with very little disruption, because, quite frankly, all we would need to do, in addition to what is already planned, is reconfigure the trains and, in a few places, lengthen the platforms. It would not entail the enormous work that is proposed for HS2, for example at Euston.

Q84 Karen Lumley (Redditch) (Con): I want to come back on my colleagues' points. I am from a midlands seat. We would see economic benefits from HS2. One of them would be that HS2 would be 35 minutes to Birmingham airport. We have already seen huge problems in London airports with their capacity. HS2 would free up massive capacity in Birmingham airport, which would enable jobs—real jobs and not the jobs you have been talking about—to come to the midlands. My constituents will be sitting here today, listening to you and thinking, "All you care about is the south of England, and what about the midlands and the north? We want some of these jobs as well. We want to rebalance the economy and we think it would be a good thing for us."

Martin Tett: I am sorry; with great respect, I do not understand how your constituents could take that from what we have said, because everything we have said here is actually, "We can deliver the capacity that's required." There is no evidence for the jobs and growth. However, we believe that by putting in very substantial additional incremental infrastructure investment in our great northern cities, in our midlands cities and around the UK, we can generate a real integrated regional economic development strategy, which is what this country desperately needs. I do not see any evidence that supports the idea that

saving 20 minutes on the journey time to Birmingham, at a cost of something in excess of £50 billion, is a regional strategy. I do not think it is.

Q85 Karen Lumley: To get to Birmingham International airport from London Euston takes a lot longer than 35 minutes, I am afraid—it is over an hour. I travel up and down quite often and the trains are full; they are full now to capacity. So, this business you have talked about between Watford and Northampton does not ring true to those of us who are using the trains on a regular basis.

The Chair: From here on in, it will be limited to one question only, if we want to get everyone in.

Q86 Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): I am probably getting a feeling of how Mr Stephenson felt when he came to the House for the first Bill for the line from Manchester to Liverpool. I bet that he had critics like yourselves—the witnesses here today—and he had to put up with that.

I know that anything up past Watford, we are a bit simple and we get very easily taken in by the public relations people and everybody else, and do not really realise what we are talking about in most instances. We do not know that we can spend that money much better on the local transport projects that we have, and local accountability. And we are not very good at all of that stuff so thank you very much, Mr Tett, for pointing that out to us.

There are issues, we believe, and we had leaders of our councils and local authorities this morning speaking to us. I speak to my constituents, to my local authority and to the local enterprise board, which is hugely supportive of HS2. I think that some of the issues that you talk about—of draining resources in from the boroughs surrounding Birmingham, Manchester and all that—that is exactly how Manchester was created, when the original line was built. It was by bringing people in straight off the fields. I disagree with you. People would be much better having jobs in the centre of Birmingham than having no jobs at all, or having to come down to London for those jobs.

The real issue here—and I know that time is constrained, and I did want to go a bit further than that—is this: is it because it is in my back yard that you are concerned about this, and nothing else?

Emma Crane: If you are going to do something that creates such a huge environmental impact on people's homes and livelihoods as this does—the environmental impact of this has not been recognised at all—the Government have to be able to show that it is in the national interest. And to date, the hard evidence does not show that. It keeps coming back to that. The business case is extremely flawed, the cost keeps going up and up, and I would just say to anyone who supports HS2—that is probably most people in this room—at what point do you say, "We've got to look at the cost," and that cost becomes unsustainable?

Q87 Mr Mahmood: Does the environmental issue not change when you get the people flying from Edinburgh, Glasgow and Manchester down to London, and all the people who drive down, off the road and on to rail? Does that not change the environmental issue?

Emma Crane: HS2's own figures about transference from other modes of transport show that only 3% of passengers using HS2 will be transferring from air, that only 8% will be transferring from cars and that 24% of those journeys will be new journeys. They are HS2 Ltd's own figures. We have yet to see the concrete evidence that will change the objectives that it is supposed to be setting out to achieve. When the evidence is there to show that they have been achieved, perhaps then we can think differently. But, at the moment, that hard evidence is not there, as picked up by the National Audit Office, the Public Accounts Committee and countless other groups. It is not groups that are opposed to HS2.

Q88 Mrs Caroline Spelman (Meriden) (Con): The contrast between this morning's witnesses and your evidence is that, this morning, we saw people who get the pain and the gain. It is very clear that the problem for the leader of the council is that you get all the pain but none of the gain. I sympathise. I want to ask you briefly about compensation because the blight is now. I would like to know your views on a property bond and whether that might mitigate some of the pain that your constituents, and mine, are suffering right now.

The Chair: We have three minutes.

Martin Tett: In three minutes, the answer is yes and yes. Work is going to go ahead and, clearly, in this particular audience, we are a very small minority at this end of the table. I understand entirely that the majority of Members of Parliament will not mind if this goes ahead. Residents in my constituency are terribly, terribly blighted. I have people who have not been able to sell their houses for two years because they live just near the track, but not near enough to qualify for immediate compensation. Something like a property bond would be a major step forward by the Government to show that they really do care about those people whose lives and whose businesses are terribly blighted by this at the moment.

Q89 Nicky Morgan (Loughborough) (Con): This morning, we heard evidence from Sir Richard Leese that he felt that HS2 would create 30,000 jobs around Manchester Piccadilly. Geoff Inskip from Centro, the West Midlands transport authority, talked about 22,000 jobs in the west midlands. Are you saying, Mr Tett, that your proposal would deliver those jobs, too?

Joe Rukin: May I answer that question?

Q90 Nicky Morgan: I was asking Mr Tett.

Martin Tett: Let me try to answer that question. I respect both those two individuals. I come back to the report of the National Audit Office, which said that there is no evidence to show that that job growth will take place. Multitudes of studies show that it is highly unlikely to do so. If you are asking, "Will we produce the capacity?" which is the fundamental reason now being given by the Department for Transport for HS2, yes we will. Will we do it at a far lower cost? Yes, we will. Will we do it far more quickly? Yes, we will. Does that leave a large amount of potential capital investment that could go into those same cities and other cities to generate real jobs? Yes, I believe it would.

Q91 Nicky Morgan: So, basically, Mr Tett, you are saying that, despite the fact that you respect the two leaders, you disagree with them on their jobs calculations and that your proposal is to deliver capacity but not regeneration. Is that correct?

Martin Tett: That is not quite correct. I said that it would deliver the capacity. It doesn't deliver the speed. It delivers the capacity, and it would free up capital investment. The opportunity costs would then be to invest in those cities to generate at least the same number of jobs.

Joe Rukin: Those job figures that have been quoted are not job-creation figures. The KPMG report that Geoff Inskip and Birmingham chamber of commerce keep quoting also miss off the next bit, which is that there are 22,000 jobs for the west midlands area as a result of relocation of jobs from other parts of the country. The very same report says that this will cost Wales 21,000 jobs. But it will cost the west country 47,000 jobs. It is unbelievable spin. They keep missing this off. It is not job creation. It is moving jobs about. That is what HS2 does. It doesn't create jobs. It just shifts them around the country.

Q92 Lilian Greenwood: Mr Tett, earlier you referred to BCR and what potential BCR there might be. The Jubilee line extension to Canary Wharf was originally approved with a benefit-cost ratio of 0.95, but that project is probably widely accepted to have brought many benefits. Do you accept that benefit-cost ratios often underestimate the benefit of transport schemes?

Martin Tett: You have to come back to what your criteria are for deciding to go ahead with the project. If you believe that BCR, quite frankly, does not matter and that is just about vision and a political statement—people have referred to political statements recently—then that is fine and you can go ahead with a low BCR.

I refer you back to what the then Secretary of State, Mr Hammond, said before the Transport Committee just over a year ago: if BCR fell below 1.5, the project would require serious scrutiny. I would respectfully suggest that the BCR for this, when corrected for many of the out-of-date assumptions such as the fact that business people do not work on trains, will probably be below 1. You then need to make a judgment on whether that is a good investment.

The Chair: Many thanks to our witnesses for coming along. If you feel that you have not had the opportunity to answer the questions asked, please feel free to write to the clerk.

Martin Tett: I thank you, Mr Chairman, and the members of your Committee.

Examination of Witnesses

Ben Still and Chris Tunstall gave evidence.

3.2 pm

The Chair: Good afternoon, gentlemen. Welcome to this afternoon's sitting. May I ask you to introduce yourselves and your organisations?

Chris Tunstall: I am Chris Tunstall. I am the lead transport adviser to the Greater Birmingham and Solihull local enterprise partnership. I am also a director at Birmingham city council and an adviser to the Core Cities Group.

Ben Still: My name is Ben Still. I am chief executive of the executive team that supports the Sheffield City Region local enterprise partnership.

Q93 Lilian Greenwood: Will you each set out what you think will be the benefits that your cities, and perhaps the wider regions that they serve, will derive from the project? A couple of previous witnesses suggested that high-speed rail will benefit the capital city rather than those connected along the route. Do you accept that view? If so, what steps need to be taken to mitigate that risk? I am sorry that that question is quite broad.

Chris Tunstall: You have probably already heard from colleagues from the west midlands that Centro, on behalf of the west midlands authorities, undertook a study through KPMG that identified 22,000 jobs and £1.5 billion of gross added value as a result of HS2. The local enterprise partnership identified a requirement to grow the number of jobs within Birmingham and Solihull by 100,000 and sees that as a key aspect. In addition, Solihull has a proposal, as part of the LEP, around UK Central, which is the M42, the airport and the HS2 interchange station, and the west coast main line station is also there, of course. It has identified the potential for 100,000 jobs there and £15 billion of growth.

That is on the basis of connectivity, and that is what it all revolves around. I know you will have heard from previous witnesses, “It is high speed,” “It is capacity,” and, “It is economic growth”—it is all of those. As you have probably already heard, the west coast main line is ready to fall over. By the mid-2020s, it will be at full capacity, and that is before taking account of the freight issues mentioned earlier. The London Gateway is proposing to have some 16 750-metre trains running on the west coast each day when it is fully operational. There simply is not the capacity on the west coast to take that and passenger transport, so we see it as vital for growth and jobs that we get the improved connectivity.

Ben Still: From a Sheffield City Region LEP perspective, the capacity issues are there, but they are not as acute as they are on the west coast main line. The approach that the LEP has taken is very much to look at the benefits of high-speed rail stations in the round. There are three areas where there will be benefit. Clearly, links to London are seen as a positive factor in the little survey evidence that there is. Of the regional cities, Sheffield has some of the worst connectivity to London, and it stands to gain the most—a saving of an hour in travel time—from high speed. That is a big prize for the city.

Businesses that we deal with on the LEP will helicopter clients up to South Yorkshire, rather than put them on the Midland main line, just because that is crowded and slow. It is not the impression that you want to give to inward investment teams. You want to give the impression of a city region that is on the up, so it is important for inward investment. Those linkages to London are absolutely two-way, but the city region is probably under-represented in the kind of service sectors that might choose to move there following an improvement in accessibility.

Listening to some of the previous speakers, we would absolutely agree that high speed is necessary but not sufficient, and the regional linkages between cities in the north are absolutely critical. At the moment, the average speed of trains between Sheffield and Leeds is 35 mph. Again, high speed promises to reduce that journey time from 45 minutes at best down to about

20 minutes, so it offers regional connectivity benefits as well. In addition, we are very interested in the scope of the benefits from the freed-up capacity from the existing railway lines. Finally, making sure that that station is connected to the rest of the city region is absolutely critical.

Q94 Lilian Greenwood: I am directing this question at Mr Still. The proposed route has an out-of-town station for Sheffield. From a LEP or city region perspective, can you tell me whether that is the right location, or would you prefer a city-centre station? I know that that is the city council’s preferred position. If you think the city centre is the right location, what do you think the additional costs would be? If you do not, what would be the challenges of an out-of-town location?

Ben Still: Why did I think you might ask me that question? The local partners were involved in some of the early work with HS2 and we do not tend to dispute much of the analysis. The LEP itself has not taken a view on a city-centre location. Its view is that it wants the location that is most economically advantageous to the city region, and it wants to use the forthcoming consultation as the process to bottom out the arguments, examine the evidence and take a proper view. It is important that the city region comes forward with a single view, which seems very sensible.

Without doubt, a city-centre location is more expensive. I do not think we dispute HS2’s figures that it is about £1 billion more. I do not think that HS2 disputes in the round the economic analysis showing that you get stronger economic benefits from a city-centre location. Sheffield city council estimates those at about £4 billion to £5 billion on top of the benefits you would get from Meadowhall. I think those figures need to be looked at with a lot of caution, as per your previous discussions about the way figures are derived, which is based on broad-brush econometric relationships. Nevertheless, the city centre is likely to be to the economic advantage of the city, and hopefully of the city region, but the key will be how you then connect up that city to the rest of the city region to ensure that the benefits are spread across the whole city region.

Q95 Lilian Greenwood: May I direct a question to Mr Tunstall? The Birmingham Curzon Street site is close to three existing Birmingham stations. What are the challenges of connecting them, especially through a busy city centre, and how does Birmingham plan to integrate the new city station with its plans for the metro?

Chris Tunstall: The Curzon Street site was the original station coming into Euston. We have New Street about 500 metres away, and Moor Street is sat right next door to the new station. We are already looking at a one-station concept, which is more about connectivity between the stations and operating them as one station. We have a scheme that has been developed, and it has top ranking within our local transport funding for a major scheme in 2015. So we have already identified that as an issue but, in addition, we are working with HS2.

The route from Moor Street to New Street goes underneath the Bullring. It is a covered area with the Bullring on top and not a very nice environment. We want footfall within Birmingham. We do not want

people to come through a tunnel and straight out of Birmingham again. We want to show them the delights of what they could get if they came into Birmingham, so we are looking at the possibility of linking the station with the shopping complex, a bit like Westfield has done with Stratford, which we understand is now the desire line for pedestrians—they want to walk through the shopping complex. We have done a lot of work on the connection between the two, but we are also working with HS2 to try to ensure that we get a better connection from the station directly into New street and then down to the station.

Q96 Lilian Greenwood: And the metro.

Chris Tunstall: Two routes are being proposed for the metro. That will link through from Snow Hill, which will be the fourth station in Birmingham, to Curzon Street station itself. Although there is quite a bit of land there, it is a very tight area to fit all this in, but we have two routes for metro that we will consult on shortly.

Q97 Nicky Morgan: Mr Tunstall, you might have been in the room for the previous evidence session. You mentioned the KPMG report and the 22,000 estimated jobs in the west midlands, but the witness representing Stop HS2 disputed those figures, saying that that was really a case of jobs being relocated from elsewhere in the west midlands to nearer Birmingham if HS2 is built. Do you have any comments on that?

Chris Tunstall: Not without going into the full detailed report and how KPMG worked on it. I think the truth probably lies somewhere in between. If you have a better connected city, that obviously has an effect on jobs. With the international connectivity that we are moving into and the global economy, people want to be better connected. Birmingham airport has just put out some adverts asking why colleagues from China, who have a massive interest in Jaguar Land Rover and other firms in the area, have to fly into Heathrow and then catch the train up to Birmingham, because they would prefer to fly direct. That is the point. People prefer to get directly into the area where they want to do business. It may be a relocation purely and simply on the basis that they will build factories there rather than considering building them elsewhere, but we see that as a spin-off.

The whole of the west midlands, with the probable exception of the Coventry and Warwickshire LEP—that is more about Warwickshire than anything else—is fully supportive: the Black Country LEP and certainly the Greater Birmingham and Solihull LEP. They see the benefits of the spin-offs of jobs. To give you an idea, we are just shy of about 500,000 jobs in Birmingham, and 180,000 of those jobs are inward commutes from other areas. It sometimes does not tell the whole truth when you say that jobs are not grown in other areas because of placing a lot of infrastructure in a particular area. We know that if you get a powerhouse, it attracts jobs and people living in other areas transport themselves in.

Q98 Frank Dobson (Holborn and St Pancras) (Lab): Is it true that Birmingham city council and businesses in Birmingham had a proposition for the redevelopment of the Washwood Heath site to create 7,500 local jobs, but HS2 now proposes to turn it into a marshalling yard?

Chris Tunstall: The situation with Washwood Heath is that it is owned by a number of developers. The site has been vacant for a number of years, including several before the current recession, and nothing happened on the site. Those 7,000 jobs are purely on the basis of the use that could be obtained there and the number of jobs per square metre of building that you could put in. As far as I am aware, there is no interest from any firm with those developers at the moment. There is a potential, but no interest. We are working closely with HS2 to release as much of that land as possible after the development of the station and the proposed tunnel—that is where all the spoil will come out—to redevelop that site. We want to redevelop it as a high-skills sector that supports HS2. There are no actual firms expressing an interest in that site.

Q99 Frank Dobson: But can you confirm it is the case that Birmingham city council does not want that site to be used as a marshalling yard?

Chris Tunstall: We expressed a concern that we should maximise the use out of that site. We have seen where the other options are and accepted that there are no viable options other than the Washwood Heath site. We accept now that we have to make the best use of that site from what is left of it.

Q100 Iain Stewart: I would like to ask the same question I asked the previous panel—Mr Tunstall, you referred to this in your opening comments—about rail freight capacity. I think it is fairly widely accepted that doing nothing would mean there would not be enough rail freight paths on the west coast main line. Have you had the opportunity to assess the alternative 51m package and what that would mean for the number of rail freight paths on the west coast line?

Chris Tunstall: No, I am sorry; I have not. I can tell you that rail freight grew by about 56% over the past eight years, but I do not know the impact of what is proposed. The only experience I have is on the west coast main line upgrade. Of course, that was predicated on costing £2 billion, but it eventually ended up at £9 billion. It gave us 125 mph trains and one extra train path an hour, which was not quite what was being proposed. We have squeezed as much as we possibly can into the west coast at present.

Q101 Mr Mahmood: You heard the submissions earlier. Have you missed a trick? They believe that you are being led up the garden path in terms of predictions and the economic case, and because these jobs will not be there and will only be moving from one part of the region to another, so there is no real need and we go back to the 51m case, which will give you better passenger capacity and you do not really need the speed.

Chris Tunstall: Speed is one part of the equation; it is the capacity that we need. I am not sure how anybody can get extra capacity out of the existing rail network without building new, and new is unfortunately in someone's backyard, which is when you tend to find that you get the reaction.

The Chair: Mr Still, do not move; hopefully somebody will ask you a question.

Ben Still: I am fine.

Q102 Martin Vickers: I will direct my question to Mr Still as a starter. To some extent, it is asking you to develop the arguments that you have already put forward in response to previous questions, particularly with regard to what the previous panel of witnesses argued, that the HS2 project would actually suck jobs into those cities and deprive the wider region of those jobs. Could you develop the argument if you disagree with that? Yes, we need better links, as has been pointed out, between our core cities, but would you acknowledge that in terms of attracting investment, particularly foreign, it is vital that our regions and major cities have good connections with London?

Ben Still: Yes is the short answer. Certainly, from the evidence we have, the connections to London are seen as important by business. I absolutely accept that there is a two-way road argument. I think that the analysis that Sheffield city council did when it looked at the station location options was quite refined. In addition to the work that was done by looking at the econometrics, they looked much more at the impact on floor space rents for office space and the kind of firms that would attract. What that implies, particularly for Sheffield, is that it will begin to grow in the professional and business service sector, where it is under-represented at the moment, because it will become a much more attractive location. That is in addition to the broader inward investment argument.

The issue of how those benefits trickle down in the city region is a live one in our city region. I do not think that there are any easy answers. The fundamental tenets of improving productivity and widening markets, both labour markets and supply and business markets, are grounded in fairly firm economic theory. That does not mean that the job predictions are going to be exactly right, but they will be broadly within that range. You have to have the whole package if you are to make high-speed rail work, and planning high-speed rail in isolation of those onward connections and indeed of master-planning around the city centre—the station location itself—will not lead to the desired economic benefits. As you discussed earlier, those wider economic benefits are what make high-speed rail a strong value-for-money case.

Q103 Graeme Morrice: Apart from the obvious economic benefits of having high-speed rail from London to Birmingham and then to Leeds and Manchester, do you think there would be greater benefits to your respective city regions if that rail line extended even further north into Scotland and the central belt connecting to Edinburgh and/or Glasgow?

Ben Still: I think yes is the short answer. Before the current route proposals were adopted, several cities on the eastern side of the country, including Newcastle, and the east midlands and south and west Yorkshire, were looking at the fact that you need the whole network to generate the maximum benefit. As you would expect, the logic is that if you have a high-speed train, you will get more savings the further it goes, in terms of connecting those places.

Chris Tunstall: From a Birmingham LEP point of view, when phase 2 was announced, we were very supportive of it. Obviously, the further north you go, the fewer

benefits are perceived. From opening up the north, the time savings, which I think were mentioned earlier by Ben, are far greater the further north you get, than they are going from Birmingham to London. The train between Birmingham and Leeds, for example, is exceptionally slow, because it follows local commuter trains. Nothing you can do in upgrading will do anything about that, unless you four-track, which is a major investment anyway and effectively like building a new railway, except that it is on the line of the existing one. You need the extra tracks.

Q104 Mrs Spelman: You said that the local enterprise partnerships have the business community very much at their hearts. In fact, they have a business person in the chair. I want to ask about business and compensation. In the Bill under, I think, clause 1, it states that the money can be used to acquire property. In your view, what should the Government look at in terms of compensation for affected businesses? At the moment, they are not covered by existing schemes. That is a question for both of you.

Ben Still: It is a fair question. I would probably start from a slightly different place. One of the big issues we face in terms of phase 2 city regions is certainty and the blight that has been caused by the publication of the routes without anything in the current legislative programme that would provide certainty. The one thing that I think businesses and local enterprise partnerships will constantly say is that business wants as much certainty as possible. I would like to see HS2 Ltd and the Government begin to do more active work on phase 2—land assembly around the potential northern stations, for example, or bringing forward the second hybrid Bill—to ensure that you are getting as much certainty in the north as you are in phase 1. That is critical, because there will be some fundamental master-planning for all the northern cities involved in high-speed. For Sheffield, particularly if the outcome is Meadowhall, a radical change will be required to some of their master-planning practices, and that will take time to work through. That is the first point.

The second point is that HS2 has adopted a bespoke model for dealing with affected businesses. The more HS2 can work with those businesses, the better. It has blighted several sites, including, in the Sheffield city region, some of the key enterprise zone sites. Eight of our 12 enhanced capital allowance sites are currently blighted by the route, and we are very keen for Government to help us resolve that as quickly as possible.

Chris Tunstall: I reiterate that in terms of the early acquisition and the ability for HS2, supported by the Government, to start helping firms to relocate; it is the safeguarding lines—particularly around the stations and, as we heard earlier, Washwood Heath—that are creating a lot of concern in terms of uncertainty. The safeguarding line itself does not necessarily mean that a business will be affected; it simply gives protection to HS2 in taking the scheme forward. It does leave a lot of firms in limbo, particularly if they were looking to invest. The city council has been working closely with HS2, and we have suggested opportunities to enter joint venture arrangements, particularly around Washwood Heath. HS2 is looking at Washwood Heath as well as the potential relocation of some businesses that are affected elsewhere on the line.

Q105 Mrs Spelman: Would a property bond be of interest to business? As you say, with blight it is not certain whether your property will be affected, but you can hold a piece of paper that basically covers the difference between the unblighted price and the blighted one, which could be transferable to a subsequent business owner. Would that be attractive to business?

Chris Tunstall: I think it would, providing, of course, that it is about the business looking to sell and move on. If a business is looking to invest, that is part of the problem. If it invests, it will be doing so at a level that is probably not covered by the bond.

Q106 Pat Glass: May I return to the question of Washwood Heath? I was interested in your response, in which I think you said that HS2 Ltd had been able to convince you that there was no alternative site for the marshalling yard. In your dealings with HS2 so far, have you been fully consulted on the initial route proposal and has the company been able to provide you with sufficient information?

Chris Tunstall: I believe that HS2 Ltd looked at more than 80 potential sites and honed that down to half a dozen, of which two—both within the Greater Birmingham and Solihull LEP area—were the preferred choices. Washwood Heath was the preferred site as far as the company was concerned. The other site was green belt, out towards the airport. We were convinced that Washwood Heath was the best site for the marshalling yard, notwithstanding the fact that it was prime development land for us.

Q107 Karen Lumley: May I ask you both how important it is for HS1 and HS2 to be joined together?

Chris Tunstall: Exceptionally. You will not get the maximum out of it otherwise. On a personal note, I perceive this as being the new railway, and perhaps HS2 was the wrong acronym, because everybody fixated on high speed. Then everybody fixated on capacity, which is exceptionally important. It is a mix of high speed, capacity, growth and jobs. Without putting the rest of the network in, you do nothing for the journey time to the north or the capacity on the lines to the north. As I said, they are a function of each other. They just have not got the line capacity to get trains through at any speed, and we do not have the capacity to put extra trains through. It is vitally important, and I see it as the spine of the new railway system.

Ben Still: I guess mine is a slightly more sceptical answer. I think Chris is absolutely right to say that we must have the connections, but what is critical is what you do with the connection. I do not think that having the connection necessarily implies that the vision that many people have in the Sheffield city region of a train that departs Sheffield and ends up in Paris or beyond will necessarily become a reality. There is the hard-edged question of how many people you can get on a train to make it viable, and what that looks like. There is a bit more of the devil in the detail around the connection.

Q108 Karen Lumley: High Speed 2 will cut 35 minutes from London to Birmingham airport. Have you done any work on how much capacity and how many extra passengers Birmingham could cope with?

Chris Tunstall: No. The main station is taking three trains at a maximum of about 1,500 passengers a train, or 4,500 people an hour. That is what we are catering for, but that is the extreme. That is the upper limit.

Q109 Nic Dakin: What sort of organisation have you found HS2 Ltd to be when you have engaged with it, or when it has engaged with you and the communities in your areas?

Chris Tunstall: We have found them absolutely fine. Our biggest problem was us signing the memorandum of agreement and the confidentiality agreement—we had not got round to signing it—and getting hold of the plans on a timely basis. We found HS2 very good to work with. I am not wanting to make life too easy for them, but it is exceptionally difficult. The line is varying slightly. At the last moment, the tunnelling option went into Birmingham; because of the difficulty of getting through by the motorway, the existing rail line and the river, it was decided to tunnel. We are constantly in discussion. As I said, we have a design for the station at Curzon street—that will be the design or footprint in the hybrid Bill—but we are still working with HS2 to come up with the best possible design that will maximise the benefits for Birmingham and the railway. So, very good.

Ben Still: I think I would echo that. Within the parameters that HS2 was set, we certainly found them positive to work with, but those parameters are quite tightly drawn. One key issue that we have had is around onward connectivity to make stations work, which quickly got beyond HS2's remit. We found that a challenge. I think the same probably goes for routes as well. We were dealing with them on station locations, but they were not involved with local partners on route information for fear of blight, which is eminently sensible but made some of the work challenging.

Q110 Frank Dobson: Mr Tunstall, you said that the 51m proposals could not be done without substantial works in various places. My understanding is that works are proposed by 51m only for a Stafford bypass and works at Ledburn junction near Milton Keynes. It is certainly the case that Network Rail proposed firmly to go ahead with Stafford, and I have been advised this morning that it is also going ahead with Ledburn junction, so there would not be any major work involved in the 51m proposals.

Chris Tunstall: As I said, I did not know their full proposals. The information I have is that it is being accommodated by reducing services at certain locations. I am told—I have not read it myself—that Camberley, Tile Hill and Berkswell will lose their services to accommodate it, and we will also lose a train an hour between Northampton, Milton Keynes and London Euston. I was asked earlier about freight. Again, I have not read it, but I have been told that this is what is in there: it does nothing for freight. I am not sure what it will do, apart from not building a new railway.

Q111 Frank Dobson: But you agree that they are not proposing any major works other than Stafford bypass and Ledburn junction.

Chris Tunstall: I do not know; I have not read it. Sorry.

Q112 Lilian Greenwood: A couple of questions, both for Mr Still. What are the implications for existing main line services to Sheffield arising from the development of HS2? Do you have any concerns about that?

Ben Still: There has not been a great deal of work on this topic, as far as we are aware. The assumption within HS2's work is that the service patterns would continue for midland main line, but it is important to bear in mind as well that the Sheffield city region also has the east coast main line to Doncaster. One key concern that we have had is to ensure that east coast main line long-distance paths are preserved. Obviously, there will be some abstraction of east coast main line demand for the trains serving Leeds. We have had that in mind as well.

We see both opportunity and threat. The threat is that the midland and east coast main line services become long-distance commuter services into London, and we lose too many of those paths. The fact that both those services, particularly the midland main line, serve intermediate stations on the way through means that we would like them to carry on. The demand predictions and the capacity that we will need 20 or 30 years into the future implies that both services will be viable, but I think that more work is required in that area.

Q113 Lilian Greenwood: You said in your evidence that you would like construction on the Sheffield station to begin at the same time as construction of phase one of the route. Have you put that proposal to HS2 Ltd or to Ministers? If so, what response have you received?

Ben Still: Whenever we can, we put that proposal to them. The response that we had early on was initially that the hybrid Bill would be too complicated to do the whole route in one go. The response that we have had more recently is a bit more pragmatic—there is some sense in increasing certainty—but they have been informal conversations. We will keep pressing the case.

The Chair: There do not appear to be any more questions. Thank you for coming along. If you think that there is any more information you can provide the Committee, please send it to the Clerk.

3.37 pm

Sitting suspended.

Examination of Witnesses

Paul Plummer, Rupert Walker and Jim Steer gave evidence.

4 pm

The Chair: Thanks very much to our witnesses for coming along. We are due to finish this session by 4.30 pm, so we would appreciate brevity if that is possible without interrupting the quality of the questions and answers. May I begin by asking you to introduce yourselves?

Jim Steer: I am Jim Steer, director of Greengauge 21, which is the capacity in which I am appearing. I am also director of Steer Davies Gleave and I happen to be president of the Chartered Institute of Logistics and Transport for the year.

Rupert Walker: I am Rupert Walker, head of high-speed rail development at Network Rail.

Paul Plummer: I am Paul Plummer, group strategy director at Network Rail.

Q114 Lilian Greenwood: Going first to Network Rail, will you briefly sketch the history of why Network Rail came to the conclusion that a new rail line was needed?

Paul Plummer: Certainly. A few years ago, we initiated what we called the new line study. That was after the west coast route modernisation. We looked through that study at where we thought the existing network was going to first reach capacity, in the sense of not being able sensibly, incrementally to grow the existing network, and at where, as a result of that, we should look further at the case for a new line. We concluded that in the light of the growth we had seen and the capacity constraints we were already seeing, the corridor from London, Birmingham and Manchester was going to reach capacity in the mid-2020s, and that it would not be economically viable to continue incrementally to grow that capacity, so we should develop that new line at that point.

Since then, we have obviously worked very closely with the Government, HS2 Ltd and others in looking at various detailed options, but our thinking came from that study, which was fundamentally about capacity and the needs for growing capacity in this country.

Q115 Lilian Greenwood: Earlier today, we heard from 51m, Stop HS2 and HS2 Action Alliance. They suggested a couple of things: one is that there are alternative ways of generating the same capacity—if, indeed, they accepted the need for such capacity—and the other is that Network Rail has not conducted a real analysis of their alternative options. Is there any merit in their criticisms, and how do you respond to them?

Paul Plummer: I will ask Mr Walker to comment on the specific things in a moment. In general terms, we conducted a series of studies about the alternatives that you could deploy in order to grow capacity. They would be very considerable in scale, very expensive and very disruptive to existing services. That is fundamentally the reason why we started looking at this in the first place. They would involve major grade separation of existing junctions and major straightening of existing lines, none of which is easy to do while continuing to run an existing service. That is basically what has driven our approach, but we repeatedly go back and look at whether there are still options we could put in place. Of course, there are things that we would do over the next decades, but they do not get us anywhere near where we think we need to be.

Rupert Walker: Building on what Paul has just said, we looked at the two alternative proposals that were put forward as alternatives to HS2. Our conclusion was that neither proposal would meet the forecast demand on the west coast main line. Although there were things that one could do incrementally, and they provided a benefit in that spot or that location, together they did not meet the forecast demand, and the only viable intervention would be to construct a new line.

Q116 Lilian Greenwood: Looking at the west coast route utilisation strategy, you conclude that the west coast main line will effectively be full by around 2024, if demand grows as predicted, and that is two years before phase 1 is due to open. What steps are you taking to address capacity constraints in the lead-up to that period?

Paul Plummer: Obviously, funding, through our regulatory process, to grow capacity. We have funding to work with existing train operators to develop that further. You will know that there are some issues with capacity on today's railway and we work to try and find timetable solutions to some of those, rather than simply looking at physical infrastructure, wherever we possibly can. There are more things that we can do, as we improve performance as well. We can take different choices about balance between capacity and performance. We are constantly looking at this and we have those interventions, but it will not get us where we think we need to be.

Rupert Walker: Our new lines study said that by that time all the incremental improvements we could make that would be economically viable would have been delivered, but the railway would still become full at that point.

Q117 Lilian Greenwood: Mr Steer, what do you believe the regional benefits of high-speed rail would be? How would you respond to the comments by Professor John Tomaney this morning—if you heard them? Can you say whether you think that the lines—the stops and cities covered—are the right ones, particularly in relation to out-of-town locations?

Jim Steer: The evidence that we have collected in Greengauge 21 suggests that the balance of advantage in terms of regional economic growth could well be for the north. Specifically, the north and Scotland together are projected in studies that we have commissioned to get more benefits than, say, London. But clearly the reality is, if you provide a better connection between two places, both will gain, probably in different ways. The question is, which is likely to be the bigger? There is certainly evidence to suggest that it may not be quite like that. It might be, for instance, that there is a bigger proportional benefit in city or regional economies in the north than, say, the south—but of course London is a big economy, so the impact on that could be in aggregate larger.

There are some things that HS2 will bring that, by their very nature, are providing for the regions—regional cities—advantages that London has to itself at the moment; for instance, direct and very good access to the only—currently, anyway—international hub airport; direct access to the European high-speed rail network. And London has the peculiar advantage over provincial cities of being well connected with just about anywhere you can think of in the country. So you have the odd situation that you can get to London from Newcastle much more quickly than you can get from Newcastle to Birmingham.

HS2 does not provide all the linkages that Greengauge has advocated as needed in a long-term strategy, but it goes a long way towards providing, as well as better connections with London, better connections between the regional cities.

For those reasons, I think there are real impacts for regional cities that London will not get. There are other advantages that London will get out of it.

As for the second part of your question on station location, it is pretty clear to us that the ideal in every situation is to have a high-speed rail station in the centre of cities, or at least the part of the established city where

the market is strong and where there is good public transport access. That is our model of the sustainable future of the nation: make the cities well interconnected and supported by very good urban city region transport systems.

Yes, we would have a question about any station located away from those places, but that is not to say that, on balance, they may not be the better solution. You talked about Nottingham and Toton this morning. Nottingham, unfortunately, is not really on the line of route between London, Birmingham and Leeds. It is probably the best that can be done, but with it, you really need to ensure that it is successful. You need what I know other witnesses have said to you: an apparatus of coherent planning around it to make it work.

Q118 Mrs Spelman: We heard the witnesses this morning speak about the plans for Euston station. Since High Speed 1 does not go out of Euston, we asked about the practicalities of bringing High Speed 2 into Euston when High Speed 1 runs out of St Pancras. It would seem that the passengers just have to walk between the two, which is not desirable if you have luggage, children and it is raining. I am not a railway engineer—why were the plans not to put High Speed 2 into the place where High Speed 1 emanates?

Jim Steer: The simple reason is that it was impossible to fit into the footprint of King's Cross St Pancras, if you take those two together, as I am sure Mr Dobson will aver. The development that has already been created around there—all the new things that are happening, many of them stimulated of course by High Speed 1—really precludes putting in another station. I have to say that 10 years ago protecting a site on King's Cross lands was looked at, but sadly, this is the way these things happen. High-speed rail was not on the agenda 10 years ago. It was debated and discussed whether you could protect a site for something that nobody even has an inkling of, let alone has planned.

Euston, on the other hand, is a well connected station, like King's Cross St Pancras, and it has some scope to accommodate—not entirely within its footprint—additional service. It seemed the best option, and from the work I have seen on all the options I think that it is pretty much supported by Transport for London as the best available site. All kinds of other things were looked at besides King's Cross—build it under Hyde park, you name it. Where do you put a terminal in the centre of London? Admittedly, some of them were probably far-fetched. Euston does seem to be the best site.

You then have the question, “What about the people travelling between the two?” to which the answer has been, “There should be a link provided between the two railways across the top of Euston and St Pancras.” That way, services could run directly from HS2 to HS1. Again, Greengauge 21 has done some work on that recently to look at the demand for it, because at the moment, I suspect that we have the costs of that link provided for, but we have not yet got clarity around the benefits, which we believe are quite substantial.

Mrs Spelman: May I ask a supplementary question, Chair?

The Chair: Answers will have to be brief.

Q119 Mrs Spelman: This morning, a witness made the point that structurally the North London line might not be able to provide such a link—once again, I am not a railway engineer—and for High Speed 1 that was eschewed in favour of a tunnel. As railway experts, what is your view on that?

Rupert Walker: There are complicated engineering challenges associated with providing a link either along the North London line or through a tunnel, and with the location of the London underground and the point at which a tunnel would come out and join HS1. Equally, the proposal to run HS2 along the corridor of the North London line, as currently proposed, would constrain our ability to grow services on the North London line and potentially cause conflict with freight services that currently use that corridor. So there is not an easy solution to the problem; it is complicated whichever way you look at it.

Jim Steer: May I just add that it is a very short distance? It is obviously a sensitive part of London, just like everywhere is, but it is not a very big distance, so it ought not to be beyond our collective wit to find a solution to this geographically quite short problem.

Q120 Frank Dobson: I have two questions related to the link. First, if HS2 and all its associated works were the product of some grand strategy, which is what we have just been told, why was there no mention at all of an HS2-HS1 link when HS2 was launched?

Secondly, is it not the case that HS1 from Barking to St Pancras is in a twin-bore tunnel virtually under the North London line, and that the engineers decided to do that because the North London line's embankments, cuttings and bridges were so poor that tunnelling was more predictable and less likely to go wrong? What has changed about the North London line now that makes it preferable to a tunnel?

Rupert Walker: The first point is that we are talking about different parts of the North London line. The current proposal for HS2 is that it would emerge from the Old Oak Common tunnel at Primrose Hill and rise up on to the elevated section through Camden Road, which is where Network Rail has concerns about the conflicts with London Overground and freight services. There are complexities over the use of that viaduct. Engineering surveys are under way to understand whether those complexities are so much that HS2 Ltd may need to look at the opportunity of using a tunnel—*[Interruption.]*

The Chair: Order.

4.16 pm

Sitting suspended for Divisions in the House.

Examination of Witnesses

Harry Cotterell, Andrew Shirley and Ralph Smyth gave evidence.

4.42 pm

The Chair: Apologies to our last set of witnesses, who unfortunately have had to leave, but if they are required to give us any more information they can write to the

Clerk. Welcome to our three new witnesses this afternoon. Thanks for coming along. May I begin by asking you to introduce yourselves and the organisations that you represent?

Harry Cotterell: I am Harry Cotterell. I am president of the CLA. We represent 34,000 owners of rural land and business.

Andrew Shirley: I am Andrew Shirley. I am chief surveyor with the Country Land and Business Association.

Ralph Smyth: My name is Ralph Smyth. I represent the CPRE, the Campaign to Protect Rural England, and I lead on transport.

Q121 Lilian Greenwood: May I ask a general question of all those present? What is your assessment of the Government's mitigation measures up to this point?

Harry Cotterell: From our point of view, we are concerned that as yet there has been no implication of mitigation measures for business. There has been plenty on environment, but very little on business, so we will have to wait and see. The sooner that Government engage with business and sort out mitigation, the easier it will be to get the job done, and the better it will be for businesses, who will have some certainty going forward. They are already blighted and it is already a really significant issue. Mitigation needs to happen sooner rather than later.

Ralph Smyth: It is difficult to know at this stage, because the draft environmental statement currently out for consultation is more of an outline ES. It is 5,000 pages, compared with an expected 55,000 pages in December. There are definitely positive examples, where there are plans to plant local types of tree along the route, but we do not have that level of detail yet. We very much hope that there will be an adequate consultation period when the formal environmental statement is presented to Parliament.

Andrew Shirley: To build on that, the outline environmental statement, or the draft environmental statement, that is out at the moment does show a certain amount of land take, both for the construction and for environmental mitigation. I do not think there is any doubt in my mind that the final plan will be for a greater amount of land take and a greater amount of environmental mitigation, and that will impact on rural businesses significantly to a greater extent.

At the same time, there does not seem to be the engagement on HS2's part to look at the impact on those businesses and try to mitigate some of the impact, not only of the construction but also the long-term impact.

Ralph Smyth: There are opportunities as well as threats. Because of the amount of mitigation that is planned, there are opportunities. Smaller rural businesses obviously cannot construct viaducts, but maybe they can source trees. Rather than just thinking about infrastructure pipelines, we can think about tree pipelines or other measures that will give certainty for rural businesses to invest, and then they can help bid for, and hopefully win, some contracts for this or other environmental mitigation.

Q122 Lilian Greenwood: Can I ask some general questions around compensation? The Country Land and Business Association said in written evidence that there were still grievances over the compensation process

for HS1, and I wondered whether you could set out the nature of those and to what extent you think HS2 Ltd has taken them on board. May I perhaps also pick up your thoughts about the potential for a property bond scheme, what that might mean, and what discussions you are having around that?

Andrew Shirley: I will start by saying that in compulsory purchase, the single duty that the acquirer has is to pay not a penny more than the proved loss of the property owner. It does not have to provide any mitigation. It does not have to provide any accommodation works. It just has to deliver the scheme and, as I said, the problem is that it is a duty to pay not a penny more, so you can see some over-zealous agents acting for the acquirers trying to achieve the bottom line of compensation. In addition, although it is possible to get some of your compensation in advance, quite often that is not delivered, or it is delivered late. And when the final compensation is negotiated, you can get interest on that outstanding amount, but only at the statutory rate, which is currently 0%, whilst those that have suffered the loss would have to borrow it at several per cent. more than that. So that is a real issue.

On a property bond scheme, what we have put together in the papers that we submitted to you is a property bond scheme that compensates you. If you are residents, it compensates you for loss in value of your property when you come to sell it. And it is a transferable bond, so you can sell it on with the property if you want, and that provides the purchasers with some security that the future value will be underwritten. You can obviously only claim for the bond once, when you redeem it.

But more importantly for rural business—or all business—we have set out the way it would work for businesses. If you speak to any business, what they want to know is how much land they will lose and when they will get compensation. You can say, “Well, you will get some compensation but it will be a long time ahead. I don’t know how much land you will lose, because we haven’t got the environmental statement out.” So there is an awful lot of uncertainty. The idea of the bond is to bring that right up to the front, so you can say with certainty, as soon as is possible, how much land will be lost and how much compensation you will be paid, and that puts the business owner in a much better position to deliver his economic management of his business into the future. The way it is at the moment, you do not know what you are getting, so you cannot make any management decisions, so your business stands still for 20, 30 years. That is a generation.

Q123 Lilian Greenwood: Are you satisfied with the response you are getting to your proposals and suggestions from Ministers and HS2 Ltd?

Andrew Shirley: HS2 has not given us its thoughts. It has had our proposal, but it has not given us its thoughts. HS2 is not that good at communicating either with us or our individual members—it is probably worse with them.

The Secretary of State has said that he would consider the property bond scheme as part of the consultation that will be running later on this year. The problem is that we have got members who are already losing and have lost value and have suffered business stagnation for two and a half years already. How long do we have to wait?

Q124 Lilian Greenwood: Ralph, could you briefly outline your areas of most concern on both phase 1 and phase 2? As part of that response, what are the most important changes you would like to see in the final environmental statement for phase 1?

Ralph Smyth: Can I quickly say something on compensation first?

Lilian Greenwood: Certainly.

Ralph Smyth: I have three points. First, it is not our area of expertise but we are worried, particularly for phase 2, that some areas might become dilapidated and scruffy because of the blight of people not investing. That was a concern with, for example, the M6 toll road as that happened there. We would like to see something happen to prevent that from taking place.

There is also a need for community-level compensation if—or once—the HS2 hybrid Bill is passed. There is a good example from HS1 in Kent where the Rail Link Countryside Initiative helped invest in the local area; for example, at Cobham park, £750,000 was used as seed funding for a £10 million package that restored one of Kent’s finest country houses and that led to greater public access. There is a good opportunity there and we hope that there can be an announcement about a similar endowment fund for HS2.

A final point is the need for better data. Obviously, in some areas it is clear that there will be particular blight, but in others people are unclear of what this will mean in practice. We have got a lot of data from HS2 recently and we will be producing an interactive map that will hopefully show people much better what they can expect if or when HS2 opens.

In terms of your other question on what we would like changed, that is difficult without going through a long list, but I would highlight our concerns about the out-of-town stations: outside Birmingham and, in particular, the airport station outside Manchester. That station and its access package would cost £400 million according to the Manchester local authorities, but HS2’s figures say that that will provide 400 jobs. That is not a difficult mathematical question: that means £1 million per job. We think that that money could be much better spent on other measures, for example, improving the link to Liverpool to reduce the travel time between Liverpool and Manchester, rather than giving two stations to Manchester; one of which may be a white elephant.

Q125 Mrs Spelman: I would like to ask some questions on blight and compensation. Surely one of the difficulties for farmers will be that their land will have an agricultural value, but, as in my constituency where farmland will be used to build the interchange station, the reality is that that land is worth far more than the price of growing wheat or whatever on it. How do you think that the Bill could help secure fairness in the system? Is there an appeal mechanism for a fair assessment of the land value for compensation?

Harry Cotterell: One of our suggestions—this is a longer term policy that we have been pushing for a while—is that there should be a duty of care for the acquirer. The relationship between the acquirer and the owner of the land on the ground is probably the most uneven trading relationship that has ever been invented; it makes the relationship between farmers and supermarkets

look like a level playing field, quite frankly. Despite the fact that you are dealing with virtually the biggest organisation in the world, you have also got the fact that they have the law of the land behind them and they have already outlined the terms on which they are negotiating, so it is terribly difficult.

We would like a duty of care, and that would be effectively managed by an independent person who would be appointed to handle negotiations between the acquirer and the landowner or property owner. They would ensure that fairness came through. I think that is probably the only way—it is one way that would bring up the inequity. Do you have anything to add to that?

Andrew Shirley: Only that the independent person would have to have the resources to ensure that there is fair play. They would have to be in post as early on in the scheme as possible, because we envisage that the independent person will deal not only with the financial aspects, but the practicalities of the scheme. They will have the authority to call the acquiring authority to task and ask them why they have not done something, why the compensation is inadequate, why they have not looked at the mitigation works, and why they have not paid the compensation.

Q126 Mrs Spelman: May I ask the CPRE a question? The reform of planning brought in the concept of biodiversity offsetting, so a development of this scale would require a very significant biodiversity offset. Is the CPRE aware of the work undertaken by Birmingham university looking at significant rectification, certainly along the length of the line approaching and passing Birmingham? Might that in part answer your point about how the damage that inevitably will be done along the line of the route will be made good?

Ralph Smyth: There are two main points. I must admit that I am not aware of that particular work. If some of my colleagues are, I can refer to them if need be. The natural environment White Paper introduced the idea of a net benefit. Of course, I am speaking to the converted here. We would like to see a net benefit, rather than simply a “no worse off” position.

In terms of mitigation and compensation, first should come avoidance—trying to avoid the impact—then mitigation, then compensation. That hierarchy is recognised by HS2 Ltd. The Law Commission has been consulting on the idea of conservation covenants, which is a way of making sure this is a long-term thing. One can plant something to compensate for damage, but the question is whether that can be maintained in perpetuity. I think we need to have some legal changes before that can happen. We also need to see how the pilots develop and whether their results give enough confidence that the benefits can be secured in the long term.

Andrew Shirley: To follow on from that, one should not get too carried away that the right way to deal with the biodiversity offsetting is to compulsorily purchase and give it to someone else to produce the habitat. Many landowners and businesses are very good at managing habitats, have the expertise to do so and are on site already.

Q127 Frank Dobson: Do you share my view that the scale and complexity of the HS2 project is matched by the scale and complexity of the compensation and

mitigation issue, and it would be a good idea if the Government and HS2 got together with the various stakeholders to try to thrash out a special, purpose-built compensation and mitigation law, because the current law is not adequate? I will give two examples from my constituency. The tunnel goes underneath the houses of some people who live in Primrose Hill. They have been assured by the engineers that it will cause no problems, but they will not be able to demonstrate that it has caused no problems until two or three years after the line starts operating. In the meantime, a potential purchaser will not believe anything they are told.

In Drummond street, there are a lot of small cafés and shops that are utterly dependent on the passing trade to and from Euston station. They are going to have a wall built across their street for 10 years of a scale that matches the Berlin wall. I do not think HS2 will have soldiers on the other side with sub-machine-guns. However, there will be no chance of passing trade, and those small business will get no compensation at all.

Harry Cotterell: The short answer to that, Mr Dobson, is absolutely yes. We would be 100% in favour, and we would be delighted if that was to happen. I think there has been a general understanding in the property world at large for a long time that the compulsory purchase system is unfit for purpose. There has not been an appetite to fix it because of the cost and the fact that, generally speaking, apart from when you have a major project such as this, it is not a particularly interesting subject for politicians or the media at large, due to the huge technological impact.

Ralph Smyth: I think that there is certainly a case for considering whether hybrid Bills are fit for the 21st century. They are devices that date from the Victorian era, or indeed before. Is this the best way? Is this the mechanism that is needed for 21st-century infrastructure? Parliament might have an appetite for changing the way when it comes to phase 2. We can learn lots from the French, who try to have national public debate commissions that involve people at an early stage and try to get the issues resolved then, rather than what is happening in the UK, where everything will be brought to Parliament and there will be what will probably be the biggest Bill in parliamentary history for some Members to sit on a Committee about.

Q128 Nic Dakin: I want to ask Ralph about Greengauge 21's report on the environmental impacts of HS2, which suggests that there needs to be a wider policy framework. Do you agree with its conclusions, and is there anything you would want to add about the carbon footprint issues?

Ralph Smyth: We commissioned that report jointly with the Royal Society for the Protection of Birds and the Campaign for Better Transport, which will be appearing before the Committee on Thursday. There were a couple of examples there, where it was very difficult to quantify the carbon benefit. For example, we picked up that there was potentially a very big saving from having services going from the continent up to places such as Birmingham and Manchester. Of course, there could be an EU referendum between now and then and we do not know what will happen to border control, so it is very difficult to predict now whether such services would be viable in 10 or 15 years' time. Certainly, however, that is a good example.

Another issue is that we are expecting a roads Green Paper this week, and there is a very real risk that potential passengers for HS2 will be taken away if there is a major road building programme. Similarly, if there is a major airport expansion programme following the recommendations of the Airports Commission, the economic and the environmental case for HS2 will be taken away. We definitely agree that there needs to be synergy and a bigger transport strategy, and we hope the Department will deliver that by the end of the year.

Q129 Pat Glass: May I ask you about HS2 Ltd's exceptional hardship scheme and how it has operated up to now, and also about the community forums? Have the forums been well run, and if they have not been particularly well run is it a geographical issue, with them being good in some areas and not so good in others?

Andrew Shirley: On the community forums, I think it depends on the area, on who comes and who does not come, and on whom they represent. There has been hesitance on the part of HS2 to release information—as far as the information that we want out of it is concerned—until such a time as it can roll it out to the community forums. What it has not got a grip of is that people who are trying to run businesses across the route of the railway and are having their land taken are somewhat different from those who live a couple of miles away and suffer a different load of impacts. CLA members and landowners have gone to community forums, a map has been produced and they have been told, “We are putting this wonderful bund up and it will stop all the noise,” and the farmer has sat there and said, “Yes, but that’s across my land and no one has discussed it with me.” That is the issue with the community forums.

The exceptional hardship scheme is exactly what it says. It is for exceptional hardship and, in fact, it is so exceptional that only a third of applicants get through the process. The other two thirds are left having to foot the loss, either by selling their property for a lot less or having to stay put when they want to move. Some of the judgments seem to be slightly subjective, with people in neighbouring properties marketing them the same way and one being successful and the other not. There is a real issue there. The scheme does not address enough of the impact, and the advantage of a property bond scheme is that it should be wider than that.

Q130 Pat Glass: I am surprised that you say that even a third get through, because I would have thought that “exceptional” meant a lot less than a third.

Andrew Shirley: You make an application only if you believe that you are exceptional, so a lot of people would not do it and have been advised not to.

Frank Dobson: The theory is that it deals with exceptional hardship, but the fact is that it causes it.

Q131 Kris Hopkins: There may be some notes on this that I cannot find. Obviously there will be environmental damage while we dig a large line through the country, but once it is stabilised, you have a protected area. Has there been any work looking at that corridor? Farmers will not work on it, and it is protected as such. The M6 has a huge adder population that has suddenly appeared

because of the protected environment, and there is an opportunity to develop and grow such sites of special scientific interest because we are engineering this unusual environment.

Ralph Smyth: There have been various claims on the Transport Committee. Some parties said that HS2 would be a Berlin wall for wildlife, and others called it a dual carriageway for nature. It is certainly worth remembering that the iron curtain was a wildlife reserve, because any humans would be shot if they tried to cross it. It was great for adders, or whatever else flourished there.

There are a number of SSSIs along existing railway lines. Although it would be a linear feature, the latest ecological policy shows that what you need is interconnectedness. HS2 should not be seen as a green corridor; it should be trying to bridge the gaps. Things such as green bridges, where you might have a green strip on either side of an access for farmers or a right-of-way bridge, can help make a more permeable landscape. There are definitely opportunities. The problem is a lack of evidence and understanding of the impacts of such large linear features, and how best not just to mitigate them but to try to have a net gain for wildlife in the longer term.

Harry Cotterell: Most of our members who adjoin a railway almost invariably end up with a terrible rabbit problem, I am afraid.

Q132 Kris Hopkins: My question was not an anti-farming comment. Managed land can obviously create some amazing environmental positives, but it is quite unusual to have such a long piece of wild, fenced-in, protected land. Having lived on a farm with a rabbit population, I do understand what you mean.

Harry Cotterell: One of our key requirements is that the land take should be absolutely minimised, and there should not be any recreational compulsory purchase.

Q133 Lilian Greenwood: Ralph, are you satisfied with HS2 Ltd's proposed mitigation measures for ancient woodlands? Is there more they could be doing?

Ralph Smyth: They have announced some tree planting, which is a step forward, but there are still many areas of concern. Again, a lot more detail is needed. The environmental statement is not really at a draft stage yet, which is why it is going to be really important that we have not only a decent consultation period once the hybrid Bill is produced, but that hopefully some information comes out beforehand.

That goes back to the community forums. There is a real tension between HS2 Ltd not wanting to put out information until they are sure it is finalised, particularly as it might have blight implications—if communities feel that they are being given information late and it is drip, drip, drip, there is a real tension. If HS2 Ltd had an open data strategy to look at how much data they can release, and if they engaged the public on that, it would perhaps be a bit less difficult than it is at the moment, where people feel either that the information is not there or that it is wrong.

Q134 Mrs Spelman: As a supplementary to that, here is an interesting thought. The scale of the biodiversity offsetting is going to be enormous because of the scale of the project. Given that the ancient woodlands are

[Mrs Spelman]

now suffering multiple attacks, from Chalara in the case of the ash to sudden oak death syndrome—oak and ash are certainly significantly affected—might there be an opportunity here from the perspective of the CPRE to do some subsequent planting in some of our woodlands, so that they are not as badly decimated by disease, which we can predict will take perhaps a third of the species population?

Ralph Smyth: There is a real tension here, because the convention is that only the land needed for the engineering of the railway should be compulsory purchased, but modern ecological best practice—the White Paper on the natural environment—highlights the need for interventions across a wider area. So, I think there have been quite a few discussions at the HS2 environmental NGO forum about off-site planting—trying to improve the connectivity between bits of ancient woodland. However, of course, you then have the issue of some landowners not being so keen for that. Perhaps that plan might intrude on the middle of a big field, which might make that field less economic to farm. So there are many tensions and it is difficult. What we need to do is to try to deal with them early on, rather than leaving them to the last minute. But how the hybrid Bill looks at the management of land off the direct route will be a big issue.

Q135 Nic Dakin: You have made some interesting observations about a possible property bond scheme. Have you any estimates of the possible cost of such a scheme?

Andrew Shirley: The operation of the scheme is based on the fact that the majority of people do not actually want to move. Therefore, it is a scheme that is encouraging people to stay put. So, the costs should not be horrendous. You are not flinging money at people just to keep them happy. You are actually saying, “If you can prove a loss, then we’ll look after you, because that loss is directly as a result of the scheme.” That is the basis we will go on.

I think that most people will stay put. They will want to stay put in their house. They will only leave if the impact is so bad that they need to leave, and then they will be looked after. It is compensating people properly for loss. That will be done on what I have described as an amalgamated map. So, HS2 will produce a map that shows all the contours: it will be the visual impact; it will be the noise; it will be the transport routes; it will be the quarrying routes; it will be the whole lot. So you have an integrated map that will define the extent of the impacts. There will be a scientific assessment, rather than just deciding at an arbitrary 60 metres. So, you would have a properly quantifiable impact on a map.

Q136 Lilian Greenwood: Mr Cotterell and Mr Shirley, you said in your written evidence that the Bill should be amended to provide for a duty to pay fair compensation. Is there anything you would like to add in relation to what you mean by “fair” in that context?

Andrew Shirley: Ultimately, as I outlined earlier, the duty is not to pay a penny more than the loss. What that enables authorities to do is to find the lowest value of land that has been sold and to try to beat the claimant down in their claim. So, not only do you take the lowest value of the land but you also say, “Yes, but you know, you say you spent 30 hours chasing your sheep; we think you only spent five hours, and we’ll reduce your time from £20 an hour to £10 an hour.” So, you end up being, as an individual, cut back all the time.

If there was a way, and I think this is where the independent expert comes in, of trying to quantify that and ensuring that it is fair going ahead, and not simply what the acquirer can get away with—in the last two weeks, we have had letters from our members with road schemes. What the acquiring authority does is just stop talking to you. If they do not like what you are asking, they just stop talking to you and at some point your only choice is to take the acquirer to tribunal, and that is the equivalent of taking the acquirer to the High Court. Usually the courts work very well for those who are very wealthy or very poor; the majority of people actually fall in the middle and suffer loss. However, as I say, the acquiring authority has got no interest in pursuing a solution quickly—it just has to sit back and wait.

The Chair: We have only one minute left. Are there any burning questions? Very quickly.

Q137 Frank Dobson: May I ask you to beware of what might happen? Crossrail—a project I have always supported—ended up paying people compensation for the loss of their business virtually a year after they had lost their business. So, you need to be looking carefully at that aspect.

Harry Cotterell: Business is impacted now—that is the danger.

The Chair: Okay gentlemen, thanks very much for coming along. Again, if there is any information that you think would be helpful for the Committee, please send it to the Clerk.

5.15 pm

Proceedings interrupted (Programme Order, this day, and Standing Order No. 83C(11)).

Adjourned till Thursday 11 July at half-past Eleven o’clock.

Written evidence reported to the House

HSR 01 Camden London Borough Council

HSR 02 Dr Paul Hoad

HSR 03 Dr Chris Eaglen LLB

HSR 04 Andrew Bodman

HSR 05 Wendover HS2 action group (WHS2)

HSR 06 HS2 Action Alliance

HSR 07 Greengauge 21

HSR 08 Charlie Sarell

HSR 09 Country Land and Business Association

