

PARLIAMENTARY DEBATES

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GENERAL COMMITTEES

Public Bill Committee

HIGH SPEED RAIL (PREPARATION) BILL

Third Sitting

Thursday 11 July 2013

(Morning)

CONTENTS

Programme order amended.
Examination of witnesses.
Adjourned till this day at Two o'clock.

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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

Dr Adam Marshall, Director of Policy and External Affairs, British Chambers of Commerce

Peter Lloyd, Rail Policy Manager, Transport Scotland

Professor Sir Peter Hall, Bartlett Professor of Urban Regeneration and Planning

Public Bill Committee

Thursday 11 July 2013

(Morning)

[ANNETTE BROOKE *in the Chair*]

High Speed Rail (Preparation) Bill

11.30 am

The Committee deliberated in private.

11.32 am

On resuming—

The Chair: An additional witness will be appearing this morning, so we need to amend the programme order.

Ordered,

That the Order of the Committee of 9 July relating to programming be amended as follows—

In the table, after the first entry for Thursday 11 July, insert the following entry—

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Thursday 11 July	Until no later than 1.00 pm	Professor Sir Peter Hall, Bartlett Professor of Urban Regeneration and Planning, University College London

—(*Nicky Morgan.*)

Examination of Witnesses

Dr Adam Marshall and Peter Lloyd gave evidence.

11.33 am

The Chair: We will now hear oral evidence from the British Chambers of Commerce and Transport Scotland. Before calling the first Member to ask a question, I remind all hon. Members that questions should be limited to matters within the scope of the Bill, and that we must stick to the timings in the programme order that the Committee has agreed although, as has been pointed out, we are allowed to finish earlier.

For the record, would our new witnesses please introduce themselves to the Committee with their name and position?

Peter Lloyd: I am Peter Lloyd. I am policy manager at Transport Scotland, which is an executive agency of the Scottish Government.

The Chair: I am sorry; I am having difficulty hearing.

Dr Marshall: I am Adam Marshall. I am director of policy and external affairs at the British Chambers of Commerce, representing about 100,000 businesses across the UK.

The Chair: Lilian Greenwood, would you like to start the questioning?

Lilian Greenwood (Nottingham South) (Lab): May I begin with a question specifically to Dr Marshall? Would you like to comment on the controversies over the project's cost-benefit ratio? Do you think the modelling looks at the right areas, especially with regard to the productivity of passengers travelling on trains?

Dr Marshall: The first thing I would say is that the business community supports the passage of the preparation Bill because we are supporters of a high-speed rail network. One of the reasons why we are supporters of a national network is that we believe that there will be significant economic benefits to the country.

I do not believe that the current methodology captures all those benefits, and I, along with many others who have been students of infrastructure for a long period of time, feel the Green Book in its present form and some of the ways in which we calculate the cost-benefit analysis are ready for revision. We would like to see more of a focus on the potential benefits, which we think will be significant.

Q138 Lilian Greenwood: Do you want to spell out a bit more what you think the benefits are and why you think high-speed rail is needed, from a business perspective?

Dr Marshall: From first principles, it is about capacity, capacity and capacity for us. Unless we get greater rail capacity, we know that the west coast main line will be exhausted in the early part of the next decade. We also know that will start to have economic disbenefits to many cities in the UK, because of greater journey time uncertainty, greater delivery uncertainty, etc. Capacity is our first point.

The cost-benefit analysis is a bit narrow in terms of what jobs and forms of development its methodology can capture; some of its definitions are limiting. We support the project because we believe there will be benefits to employment, and we think the economic benefits to the areas geographically along the route will be significant.

Q139 Lilian Greenwood: How important is the full Y network for business? We heard a lot, particularly on Tuesday, about improving connections between Birmingham and London, and obviously quite a lot of the focus is on the west coast main line. But what about the links between the core cities, in particular between the core cities in the midlands and the north? Would you comment on that?

Dr Marshall: As members of the Committee will know, we represent businesses in every nation and region of the United Kingdom. What has interested me most is that the further north you go, the better and stronger the support for the Y network gets, as do the calls for it to be extended further—to the north-east of England, for example, and into Scotland, which Peter is more qualified to comment on than I am. We are supportive of the full network, and many of our business constituents in the northern regions ask us why we cannot simply have a single hybrid Bill to do the whole network, and get started on the entire project. We understand the Department's argument that it is an incredibly complex proposition, and you have to start somewhere. We accept that, but we would love to see the entire network safeguarded and built.

Q140 Mr Alan Reid (Argyll and Bute) (LD): Mr Lloyd, can you tell us what the Scottish Government's policy is regarding High Speed 2?

Peter Lloyd: Regarding high-speed rail more broadly, we are entirely supportive of the Department for Transport and the UK Government's position. As Adam said, the argument is principally about capacity and safeguarding the network for future demand—future passengers and future freight use, which is an issue that has not received much attention in this debate.

Q141 Mr Reid: Some witnesses have suggested that high-speed rail would simply suck jobs into London. I presume, from what you have said, that you disagree with that? Can you tell us why you believe it will be good for Scotland?

Peter Lloyd: First, on the capacity benefits, as Adam has discussed, our position is that the Y network represents a starting point for a Great Britain-wide high-speed rail system. Increasingly, our economic connectivity is constrained by the capacity constraints on both the east and the west coast main lines. We also see a number of economic advantages, which have been modelled for us, in terms of the agglomerative benefits of bringing the central belt of Scotland closer to the regions of England. Again, the arguments are not just about London. It will connect Birmingham to Scotland, and Birmingham to Newcastle.

A key benefit that we see from the Scottish end is that over the distance, and with the achievement of a three-hour journey time between Scotland and London, we get a substantial subtraction from domestic aviation, which has a clear environmental benefit. That is perhaps a unique benefit for Scotland, because aviation from London to Birmingham and London to Manchester has diminished over recent years.

Q142 Graeme Morrice (Livingston) (Lab): Mr Lloyd, I want to follow up some of the questions that Mr Reid has just asked. You will be aware that the Bill contains no reference to extending the line north of Manchester and Leeds towards Edinburgh and/or Glasgow. Do you think that such an extension should be included in clause 1?

Peter Lloyd: Our position is that we are content that the Bill indicates that the network will extend at least to the specified cities and regions. We have promoted a legislative consent motion in the Scottish Parliament to extend the legislative competence of the Scottish Government for the consideration of the UK Parliament. We support the HS2 plans in the Command Paper that the Secretary of State for Transport introduced in January. There was discussion of establishing a joint study of options beyond Manchester and Leeds. We are taking that forward with the Department for Transport at the moment, and we hope to be in a position to issue a remit for the study shortly. That will enable us to explore options for high-speed services and infrastructure beyond Manchester and Leeds. The Secretary of State has requested that it be delivered by May 2015.

Q143 Graeme Morrice: Are you satisfied with the working relationship that you, as an executive agency of the Scottish Government, have with the Department for Transport of the UK Government? Are you working well together on this project?

Peter Lloyd: We are working closely together on this project. We have certain misgivings about the scope of the Y as it stands—essentially, we draw Birmingham, Manchester and Leeds closer together and closer to London, but if we look at journey times over that distance, Scotland becomes comparatively further away from the economic core. We have those concerns, and our position is very much that the Y is a starting point for high-speed rail in the UK but we wish that to continue and we wish high-speed rail to be rolled out across Great Britain further and faster. Perhaps the phasing could be altered in some way to deliver pieces of high-speed rail infrastructure that deliver earlier benefit. Those are discussions that we will have with the DfT.

Q144 Iain Stewart (Milton Keynes South) (Con): As you have alluded to, both the first phase and the second phase will help deliver faster inter-city journey times to Glasgow and Edinburgh, but there is an issue with the type of rolling stock that would be used. At the moment, the tilting Pendolino trains allow quite fast journey times to Glasgow. If the high-speed trains do not tilt, the time gain on the high-speed part might be offset by slower journey times.

Peter Lloyd: That is correct, yes.

Q145 Iain Stewart: Is that something that you are focused on?

Peter Lloyd: It is something that we have a rather keen interest in. The information that we have from Virgin Trains, which operates the Pendolino rolling stock, is that north of Lichfield—the interface point with the network at phase 1—the tilt mechanism allows a reduction in journey time of 15 to 17 minutes on services to Glasgow. You are correct inasmuch as although Birmingham is drawn closer in journey time terms, the journey from Birmingham to Scotland takes longer, so there is quite a small time saving.

I have the figures here: at 2026, Birmingham sees a 42% journey time saving, but when that is extended to Glasgow, it becomes only a 6.4% journey time saving. As we move to Manchester and the west coast mainline, we see more journey time benefits from the operation of a dedicated high-speed line. Again, the tilt has a value, and it is particularly important over the curved sections of the west coast mainline in the north through Cumbria and the Scottish borders.

Q146 Iain Stewart: Do you think that problem could be solved by designing a particular type of rolling stock? I am not an engineer, so I do not know whether it is feasible to have a high-speed train that tilts. Or is it something that would have to be addressed by extra line infrastructure north of Manchester?

Peter Lloyd: If it is purely on non-tilt operation in infrastructure, alignments are the key to it. If there is the introduction of tilting technology—I am not an engineer either, but I understand that it is being developed, perhaps by Alstom, which manufactures the Pendolinos—there will be advantages for services to Scotland, but again, it would depend on the performance of the trains, the angle of the tilt, and so on, over those lines. These lines were pretty much hand-carved, so they wind considerably.

Q147 Frank Dobson (Holborn and St Pancras) (Lab): This is addressed to Dr Marshall. If the British Chambers of Commerce think that High Speed 2 is a cracking good thing, on the basis of what he regards as a faulty cost-benefit analysis, assuming that the benefits are greater and the costs are less, why, as a private sector organisation, does he think that the Chambers Of Commerce think the taxpayer should take the risk, and not the private sector offering to do this cracking good scheme?

Dr Marshall: That is an interestingly worded question, which I will attempt to parse and answer. We have a long history in this country of obsessing over cost-benefit analyses. For example, the Jubilee line extension cost-benefit analysis is one I remember that significantly underestimated the benefits of that particular infrastructure project, as have many others over time. I am sure that Peter, as a transport specialist, can probably name quite a few others where we have grossly underestimated the benefits of particular projects. I think we are seeing that in this case.

With regard to the point about public and private funding, I would submit respectfully to this Committee that the reason why we require public sector funding for transport infrastructure projects in this country is because of political risk and short-termism. Quite frankly, in the business community, we have seen too many infrastructure projects repeatedly delayed in what I call “stop-start Britain”. We stop them, we start them, and then we wonder why they cost so much, when ultimately, we find that we have to deliver them because we are really stuck and are in an emergency position. I believe that the Bill under consideration by the Committee today, which simply allows us to avoid stopping for the first time on this incredibly important project, is absolutely critical. It also gives us time to refine further that cost-benefit analysis, and it gives us confidence, in the private sector, that what we will not be doing is still sitting in Committee Rooms like this in 10 to 15 years time, talking about it, rather than actually doing it.

Q148 Frank Dobson: May I come back to cost-benefit analyses? I was in favour of the channel tunnel link, and I was the first person, I think, to suggest that it came into St Pancras. The cost-benefit analysis did not look too bad, but you would agree that the number of passengers—the current level of passengers—is roughly half what was included in the original cost-benefit analysis.

Dr Marshall: Cost-benefit analysis is an art, rather than a science, and it is a constantly evolving art. What I do know is that we have a business community in cities and towns up and down the country who are saying to us, “We really consider that the capacity issue must be addressed. We do not believe that patching up the existing network is an appropriate solution. Therefore, despite potential misgivings over certain elements of the project, or certain bits of the route, and so on, we think it is in the national interest to do this.” I am here representing that community rather than myself, and I would simply submit to you that they are in favour. They believe that the benefits will be significant and will probably reach the wider economic benefits numbers in the current benefit-cost ratio.

Mrs Caroline Spelman (Meriden) (Con): The British Chambers of Commerce has said that it supports High Speed 2 in principle, but that it must meet certain conditions. What are they?

Dr Marshall: The first and most important is that we do not see simply a blank cheque. We recognise, as the previous question very ably alluded to, the limits of what the public sector and the public purse should contribute to the project. We believe, however, that the current financing—the current cost package—for the system is robust. When you have to include massive contingencies on projects in order to deal with the stop-start nature of infrastructure projects in Britain, it is no wonder that we have had to add that number to the existing cost estimate. We do not want to see a blank cheque. We do not want to see that number simply spiral higher and higher. We need to see the same kinds of discipline we have in the private sector, with procurement for a project of this size and scale.

The other thing that we do want to see is no over-claims in terms of political rhetoric, in terms of the transformational nature of an infrastructure project, in terms of any particular local economy. Let us call a spade a spade. This is about the capacity of our railway network to support our economy in the future. It is about capacity, fundamentally.

Q149 Mrs Spelman: The chambers of commerce are strong proponents of small and medium-sized enterprises.

Dr Marshall: That is correct.

Q150 Mrs Spelman: But as the compensation stands at the moment, businesses would not be covered by the compensation scheme. Why is not that one of your conditions?

Dr Marshall: It is certainly a concern to me that compensation has been focused on householders, and householders alone. Unfortunately, once again, I would say to this august body, and to Members of Parliament in general, that often they focus on the individual voter, rather than the business, across a range of different issues. It will be within our task and our duty, in terms of working with you over the coming months and years, to ensure that businesses affected are ably compensated, or, in many cases, also to see those businesses actually relieved in some way.

In Sheffield, for example, the chamber of commerce is working carefully, right now, with High Speed 2 Ltd and with a number of businesses that might see themselves severely affected, to try to avoid that impact happening in the first place. That is the best way to try to avoid trouble. And, of course, we will be looking at the compensation arrangements.

Q151 Nic Dakin (Scunthorpe) (Lab): You talked about the need to control costs. Do you think Government have everything in place to control costs satisfactorily, or is there something else you would like to see being put in place now, when we are thinking about the principle of taking this forward?

Dr Marshall: We as a business community have always argued that we need to see more private sector-style discipline and skills in the infrastructure procurement capacity within Whitehall. Focus on Whitehall capacity is important. We have welcomed the creation of Infrastructure

UK, and we have welcomed the fact that there are more people coming in now from the private sector to work on projects like this. I think we need more of that—although sometimes that will be at significant cost, because of course those individuals will have been earning significant salaries in the private sector—to help them work on projects like this.

Making sure that capacity is there over the lifetime of the project, at the heart of Whitehall, is going to be hugely important to controlling costs and controlling delivery. I am confident that a good team is being built by HS2 Ltd at the moment, and that the Department is working hard to respond to businesses' concerns about controlling costs, because although we want this project, we do not want to see it with a blank cheque.

Q152 Nic Dakin: Could I just pick up on HS2 Ltd? You spoke about confidence. Both you and Mr Lloyd, perhaps, could comment on your experience of HS2 Ltd. We have had a rather mixed bag of feedback and it would be useful to know whether you think there is anything they could do better, or things that you think they are doing particularly well, that you could share with us, in terms of our having the confidence that it is they are the right instrument to take this project forward.

Peter Lloyd: I think the immediate answer is that we do not have a particularly close relationship with HS2 as matters rest now. The remit that the Secretary of State has issued to HS2 is specifically to determine the planning for phase 1 and to progress that scheme, and progress with phase 2 and go into the consultation on that. We hope to have a much closer involvement with HS2 in the near future, as we embark on the study referred to earlier, but I do not think we really are in a position to comment on the competence of HS2, because of the level of engagement we have had.

Dr Marshall: I have had extremely positive engagement and can report extremely positive engagement with HS2 Ltd thus far. It is early days, of course. What they have said that they would like to do with us is talk directly with business communities that are directly affected, those that are indirectly affected and those that get no benefits at all from the project. I intend to take them up on that offer of in-depth consultation with the business community.

In terms of the consultation process in general, it is the nature of consultations that any opponent of a particular scheme, project or law will say that the consultation is inadequate and the links are inadequate. So far, the experience that we have had had been a positive one.

Q153 Karen Lumley (Redditch) (Con): Dr Marshall, how important is it for your members that there is a direct link between HS1 and HS2?

Dr Marshall: It is something of extreme importance to us. We are concerned about a couple of things that are of great importance in terms of business connectivity: that link being one, the other being a link into our hub airport as well. I do not know if all of the Members who are here know this, but the British Chambers of Commerce is the premier private sector provider of support to businesses trading internationally and exporting overseas. So making sure that we have both direct rail linkages into some of those key markets and to our

premier hub aviation facility is critically important to those businesses. They would like seamlessness and the ability to go on to more destinations. Considering the investment that was sunk into HS1, connecting up our high-speed network is an incredibly important thing.

Q154 Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): Dr Marshall, we have had witnesses here, particularly from Euston and the local authority concerned, talking about the businesses there that are being hugely adversely affected by this development. Have you had any discussions with them?

Dr Marshall: My colleagues in the London chamber of commerce may well have done.

Q155 Mr Mahmood: Are you happy with that?

Dr Marshall: I am happy that there are discussions going on. We are at a very early stage of a project that will inevitably affect both businesses and householders in a number of places around the country. I would like to see intensive business consultation, which is why I want to make sure that that engagement with HS2 Ltd and others continues.

Q156 Nicky Morgan (Loughborough) (Con): We have heard varying evidence about job creation. Dr Marshall, I notice that in your submission you talked about this being transformative infrastructure project and about it creating jobs, but I also note your comments about capacity. We heard evidence earlier this week about the number of jobs that could be created around a railway station, in particular thousands of jobs near Manchester Piccadilly, but we have also heard evidence that those jobs will be created by moving jobs from elsewhere, so that they congregate around a station. We all want to create lots of jobs; I just wondered what the British Chambers of Commerce view on job creation and this scheme is. Mr Lloyd, I am putting this question to Dr Marshall, but you may have a view as well from the Scottish perspective.

Dr Marshall: Displacement versus additionality is one of those things that economists spend huge amounts of time arguing about and never actually arrive at an answer. I am inclined, having read the excellent Greengauge 21 report on jobs impacts, to look at full-time equivalent employment. That report talked about 89,000 full-time equivalent jobs, not including the wider economic benefits around agglomeration and things such as that. I thought that the methodology in that report was quite robust. The report talked about construction jobs and the phasing of those construction jobs over the course of the project, and the related services jobs over the course of the project. That was impressive to me, because often that is how private sector organisations would forecast job demand or employment demand over the course of a very large investment. That is an important thing to consider.

I am not skilled enough to tell you whether Manchester Piccadilly and the surrounding area will emerge as the business hub of the north once the Y network is completed. There are many other factors besides the high-speed railway alone, including a really permissive and positive planning policy around the nodes that we have, so that we can get as many jobs as possible around those nodes, and also in terms of the attitude of local councils and

local authorities to that scale of development. One of the reasons why we have pushed so strongly for planning reform is that we believe it goes hand in hand with developments in infrastructure such as this.

I think that in this country we are sleepwalking toward a crisis in employment land, as a lot of employment land goes over to residential use in many areas, or is taken out of industrial or commercial use. If what this project does is put back in play new sites for the creation of employment, it is hugely important to us.

Q157 Nicky Morgan: And the Scottish view?

Peter Lloyd: The Greengauge 21 report has been very instructive. The Committee may not be aware that the Scottish Government are separately planning for high-speed rail between Edinburgh and Glasgow, linking to the existing network and the west coast main line. That has been a very instructive report from Greengauge 21 in terms of working to put together the business case for that project, which incidentally will report to Scottish Ministers in spring next year.

We are certainly aware of the regenerative effects of high-speed rail and the impact that it has on cities. Our approach to high-speed rail is to work very closely with our business community: the CBI, the Scottish Chambers of Commerce, other business groups, and our seven cities group in Scotland. There is also a wider partnership group, which has published some material in support of high-speed rail. So we are aware of the regenerative impact of high-speed rail and how it has contributed across Europe. We are not at the stage yet where we have a definitive view on job creation and high-speed rail.

Q158 Graeme Morrice: Mr Lloyd, can you quantify in financial terms the economic benefit to the central belt of Scotland and the rest of Scotland if high-speed rail is extended north to Edinburgh and/or Glasgow?

Peter Lloyd: Again, that is being developed as an outline business case with Ministers at the moment, but referring back to the work that Greengauge 21 did in 2009 or so with the new lines study for Network Rail, I think Greengauge 21 saw a positive business case for the extension north. I believe the report quoted a benefit-cost ratio in the region of 7:1. We reviewed that with a sensitivity test on likely demand, which is contained within the policy document I have with me today, and we saw £24 billion of economic benefits over the economic appraisal period, against a construction cost that has yet to be determined.

On cost, we take a fairly open view of what high-speed rail is. We do not necessarily see it as a template; we see it as a set of outcomes, which includes capacity for both future passenger demand and future network demand, including freight, as well as reduced journey times, to distract from domestic aviation, and delivery of those agglomerative benefits.

Q159 Graeme Morrice: Obviously you will be aware that a certain referendum is to take place in Scotland next year. If there was a positive vote—let me rephrase that, because it would certainly not be positive if there was a yes vote. If there was a yes vote, what impact would Scotland becoming independent have on the project extending high-speed rail to the central belt of Scotland?

Peter Lloyd: There are rail services to link cities and areas of economic activity across Europe—I am thinking particularly of the Thalys operation, which links Belgium, the Netherlands, Germany and France. It is a successful operation, which operates with three different signalling systems and three different languages. We have the same signalling system and the same language across the UK.

Going back to my earlier point, it is about serving the economies and serving the links between cities. Within Scotland, we have seen a 33% increase in rail patronage in the past 10 years. In the last five years, there has been 144% growth in London to Glasgow; between Birmingham and Scotland over the same period, there has been 261% growth; and there has been 191% growth between Manchester and Scotland. That is all during a recessionary period. We see that rail can follow the market and that there will be a market for high-speed rail.

Q160 Graeme Morrice: So we are indeed better together. A final question, if I may. We touched earlier on the potential of a high-speed link between Glasgow and Edinburgh, and I think you mentioned that a business case for that was being drawn up by the Scottish Government and that there will be a report on that in due course. Do you have any more definitive timelines on that in terms of potential construction start dates and finishes? How would it be funded?

Peter Lloyd: On the timelines, we would like to align the delivery of that line with the introduction of high-speed rail between Birmingham and London, for the reasons I gave earlier. We will lose a certain amount of journey time with a non-tilt operation. Perhaps a new bypass or piece of high-speed infrastructure—from Carstairs would be the obvious comparison—into Glasgow could reclaim some of that lost journey time. That is quite important, and our view is that we want to extend the network further and faster. That could contribute to the overall case for the line.

The funding is yet to be determined. It is a distance away, but we have a record of investment in rail and in infrastructure in Scotland. We are currently constructing the Forth replacement crossing, which is quite sizeable in terms of the budget that Scotland has for capital investment. It will be a matter for Ministers to determine later on, and clearly if there is any proposal to go ahead with that, the benefits and the costs will be scrutinised through our own hybrid Bill processes.

Q161 Mr Reid: Mr Lloyd, could you explain to the Committee why it is necessary for the Scottish Parliament to pass the legislative consent motion?

Peter Lloyd: We want to work with the UK Government on this joint study of extending from the north of England to Scotland. In so far as that requires the Secretary of State to fund some of the preparatory work, it is included in the legislative consent motion. I am satisfied that it is for the general good, if you like, that this work is carried forward, and we see legislative consent as a step towards that.

Q162 Mr Reid: I am trying to get to why it is necessary under the devolved settlement. Would the cost of the stretch between the Scottish border and

Glasgow and Edinburgh fall on the Scottish Government if the legislative consent motion were not passed? Is that the reason?

Peter Lloyd: The reasoning behind the introduction of the motion is to allow the preparatory works. Ministers will have separate discussions at a later stage about the apportionment of funding to construct the line, but this is preparatory stage work and will allow the Secretary of State to commit funding to any planning works that may impact on Scottish territory. Rail powers are obviously devolved, but at this stage it is just a preparatory statement.

Q163 Mr Reid: Has any thought been given to where in Scotland the route would go or where any new stations might be required?

Peter Lloyd: At the moment, with the proposals that stand with HS2 Ltd, there will be two types of rolling stock: one is the captive fleet for operation purely on new high-speed lines, and the other is a new fleet of classic-compatible trains that operate with the existing UK gauge. For the period in which they operate, we do not necessarily see a requirement for new stations, because they will fit into existing stations. The European gauge is wider and lower, and the tracks are aligned differently. There are capacity problems at stations, but we do not see a need for new stations immediately. Obviously, if at a later point we are at a stage where there are European gauge trains on a full high-speed line, Scotland would have to think about new station locations. You may be aware that there are calls from Glasgow city council to build a new station to accommodate such trains. Our position at the moment is that that is not immediately necessary.

Q164 Mr Reid: Do you see the track following the same route as the existing tracks from Carlisle to Glasgow and Edinburgh?

Peter Lloyd: Not necessarily. Obviously, the connection point would be either Manchester or Leeds. At the moment, we are keeping an open view on whether a high-speed line to Scotland follows a west coast or an east coast alignment, both of which are viable options.

Q165 Frank Dobson: Dr Marshall, I have been trying to represent the interests of the small businesses at Euston for the past three years, and I have to say that they do not think this is early days. Their businesses have been blighted for the past three years. Some of the restaurants have had to postpone decisions about whether to renew their kitchens and such like. Particularly on Drummond street, there is a large number of small shops and small restaurants, and surveys have shown that they are between 40% and 70% dependent on passing trade from Euston. They have had no satisfaction whatever from High Speed 2, and I think it would be quite useful—I understand the same applies to businesses all along the designated route—if you undertook to ensure that the chambers of commerce start making representations on their behalf. Perhaps HS2 Ltd will take some notice of you, because it certainly does not take any notice of the businesses.

Dr Marshall: I have the greatest sympathy for businesses that are affected, whether they are at Euston or anywhere else along the route. In my career, I have yet to see an

infrastructure project proceed without disruption to businesses in some way, shape or form. That is unfortunately inevitable. Mrs Spelman's comment on the compensation scheme is particularly important because of that. I will of course work with my colleagues at the London chamber of commerce to look at the Euston issue and to try to ensure that community engagement with affected businesses does occur. I have not had anything but positive indications from those I have worked with so far that they want that engagement to take place, so I will follow that up.

Frank Dobson: Can I also make the point that, as currently intended, these business people who will be put out of business will be entitled to no compensation whatever? Their premises are not going to be demolished; it is just that there will be a sort of Berlin wall between them and their principal source of customers.

The Chair: I remind Members that we should be asking questions, rather than making comments.

Q166 The Minister of State, Department for Transport (Mr Simon Burns): May I ask Dr Marshall whether he is aware that, on the question of business compensation, particularly for small and medium-sized businesses within the safeguarded area, they will be eligible for compensation under the national compensation code? Is he aware that there will also be other areas where they may be able to seek compensation for reasonable costs and expenses with regard to relocating and so on? For Drummond street, HS2 Ltd very much wants to work with Camden council to seek a solution to the problems.

The Chair: I am sure the Minister would like a response to that question.

Dr Marshall: I am aware, Minister, of the national compensation code and the fact that it does impact on businesses within the safeguarded route. My interest is in ensuring that business communities affected in this grey area just outside of the safeguarded route get a fair hearing from the Government, but I would persist in making the point that, to date, I have never heard anything but a positive engagement on that particular point and a desire to speak with those who are affected.

Mr Burns: May I have a follow-up question?

The Chair: Yes, of course.

Q167 Mr Burns: Could Dr Marshall confirm that in my original question he heard me say that HS2 Ltd is most anxious to discuss with Camden a solution to the problems of Drummond street?

Dr Marshall: I shall let the Minister's question stand, perhaps in response to another member of this Committee.

The Chair: Thank you for that. I am sure Lilian Greenwood will ask a question.

Q168 Lilian Greenwood: I have questions for both the witnesses. Dr Marshall, you were very clear in your earlier answers that dealing with limited rail capacity is vital to businesses. In my own discussions with businesses,

they often mention road congestion. Do you feel that that poses similar problems for businesses, and to what extent will HS2 help in addressing such challenges?

Dr Marshall: I believe there are about four questions within that one question, but I will do my very best. We are extraordinarily concerned as a business community about road congestion, because road remains the principal means by which both business labour market traffic and business freight traffic is transported. We believe that High Speed 2 will have a positive effect on several things. One is business travel between our major cities, which is of particular benefit to the services industries; another is relieving space on the classic or conventional rail lines for freight and commuter services, which benefits businesses of all types in those cities; also, manufacturing businesses, particularly logistics businesses, need to transport more freight on rail if we are to see a reduction in emissions from, for example, road transport.

The concern that we see in the business community is simply this. This is a large and substantial infrastructure project. We would not want to see attention diverted from the roads network into a single large infrastructure project in the form of HS2. We want to see a transport strategy that focuses on all of our modes, ensuring that we have a competitive and enterprise-friendly environment across the piece to attract inward investment; more importantly, we want indigenous companies here in the UK actually investing in their own premises and their own growth capacity.

The number of companies that have taken the decision simply not to expand because of infrastructure links is significant. HS2 is a part of that solution. It has to go along with a good strategy for the roads network. We were encouraged by some of the recent spending review in terms of the roads network, but we believe that even more needs to be done.

Q169 Lilian Greenwood: To follow that up: do you think it would be helpful if the Government were to publish an overarching transport strategy?

Dr Marshall: We welcomed the introduction of the national infrastructure plan, which we think it is hugely important. The transport element of that plan is effectively the infrastructure strategy for transport in this country, but we want to see it move from being a very good read to something that is deliverable and delivered. The Government's attention should not be on developing yet another strategy. We have had lots of transport strategies: the previous Government had a monumental one in 2003, but nothing really happened; the current Government have had several; and various incarnations of Governments have had them in the past. We do not need any more strategies. What we need is a delivery plan for the national infrastructure plan's transport element.

Q170 Kris Hopkins (Keighley) (Con): In a previous sitting, we heard from Sir Richard Leese and others about the positive, enthusiastic voices in the north-west—Greater Manchester, Yorkshire and Humberside—with the exception of Wakefield and Bradford councils, whose political leaders have come out and said they do not support it. Have you engaged with the local chambers of commerce in those cities, and do you know what their position is?

Some of the people opposing the route have put out the argument that employment and business opportunities would be sucked away from cities around the main hubs and stations. Have you received any feedback from local chambers on that? Although it was said the other day that 70% of the jobs will be created in London, the evidence suggests that 70% of the jobs will be created outside London. Do your colleagues across the country, even if they do not have a station nearby, believe there will be a benefit to them and the broader communities around the main station hubs?

Dr Marshall: That is an extraordinarily important question. Although the chamber of commerce network as a whole is supportive of the project, some businesses, particularly in places that do not have a station on the new network, have concerns. I can report that the Bradford chamber and the Mid-Yorkshire chamber have concerns about the project and its potential economic impacts.

What is interesting about projects such as this—we have seen it with other infrastructure projects in the past—is that in node locations, office rents and commercial premises rents can become very high, and there can be opportunities for nearby areas that can offer lower rents to businesses. We have seen that operate dynamically. In west Yorkshire, places such as Bradford and Barnsley are able to offer lower office rents compared with the centres of Leeds or Sheffield. That has been a competitive advantage—a selling point—for those places.

I believe the question is really about how we get everyone geared up to benefit from the scheme. There will be benefits to places such as Bradford and Wakefield in terms of the supply chain for this project. I can see quite a lot of the gear that is needed being manufactured in those cities. I am sure that colleagues who are working on the project in detail probably publish supply chain maps and things such as that that show exactly where that will occur. Equally, there will be opportunities afterwards. The chambers of commerce in both places would want to work constructively on the project. There is obvious disappointment that they are not at the heart of the network or on the network, as business communities, directly, but they want to see what the indirect benefits will be and how they can maximise them.

Q171 Kris Hopkins: As a quick follow-up to that, Coventry city council, I understand, was originally opposed to it, but after some engagement has changed its mind and has come on board. Bear in mind that those two councils are in locations that have made significant contributions to the economy of west Yorkshire. Do you see a role for yourself in trying to influence their behaviour and their lack of support in a more positive way?

Dr Marshall: I am in the privileged position of sitting before you today representing 53 accredited chambers of commerce across the UK, who are my owners. I do not interfere in their local lobbying work with their local councils. I know that Bradford chamber, Mid-Yorkshire chamber and Coventry and Warwickshire chamber are working very closely with their councils to try to understand and maximise the indirect benefits. That is what they want to do if this is the project that goes ahead.

Q172 Lilian Greenwood: Mr Lloyd, given what you said in response to an earlier question about your concerns that the Y network might bring Manchester and Leeds closer to London and potentially make Scotland seem further away, I was surprised that you did not seem to support the idea that Scotland should be named in clause 1. Is that right?

Peter Lloyd: We are content with the Bill as it stands. In the absence of the Secretary of State's commitment to work with us on the development of high-speed rail, it might be a different matter. That said, clause 1 says that the network will extend "at least" to the listed cities. It extends to Scotland. The explanatory notes refer to the development of high-speed lines beyond the current network and state that the Bill

"also allows expenditure in preparation for potential future extensions to this network."

I think we are content with the Bill as it stands. It represents progress and it represents an opportunity to work more closely with the DFT and ultimately, hopefully, HS2 Ltd in developing those lines and developing those studies.

Q173 Lilian Greenwood: Can you say a little more about what benefits you think will accrue to Scotland if Glasgow and Edinburgh are connected to the high-speed links via Manchester and Leeds, even if they have not got new direct high-speed lines through?

Peter Lloyd: Sorry?

Lilian Greenwood: What benefits do you think there will be from the connections, even if there are not further high-speed lines linking Manchester and Leeds directly to Glasgow and Edinburgh?

Peter Lloyd: The problem we have with linking from, say, Manchester to the central belt of Scotland is that we struggle at the moment to fit three passenger trains on an hourly cycle up the west coast main line because of the demands of freight and mixed operation. It is mixed traffic, which involves trains of different performance types. I have already explained that there are speed restrictions on much of the track, and there are significant gradients on much of the track.

It is only during the past year—the last timetable change was in December 2012—that we have achieved a full hourly timetable between Glasgow and London. We did that by introducing three additional services per day. Some people who questioned the need for high-speed rail characterised that as demonstrating that there is additional capacity on the west coast line. However, these trains run on existing London to Lancaster paths, and north of Lancaster, even extending up to Glasgow, they are very much sub-optimal pathings. In addition, the journey times from Lancaster to Glasgow are in the region of 15 to 20 minutes slower than normal. All the infrastructure is creaking; we cannot fit any more freight or passenger services up the line. From next year, longer trains will be introduced between Manchester and Glasgow. Virgin Trains is currently running 11-car sets between London and Glasgow; when they were introduced, the view across the industry was that there would never be the demand to bring 11-car sets to Glasgow, but it happens very frequently. The benefits are purely of meeting the future passenger and freight demands.

Q174 Graeme Morrice: May I press you further on the point that my Front-Bench colleague raised in relation to your view—I raised this as a question earlier—that it was not particularly necessary to include Edinburgh and Glasgow in the Bill? Is that the view of the Scottish Government?

Peter Lloyd: That it is not necessary to include them in the Bill? The view of the Scottish Government is that we are content with the Bill as it stands.

Q175 Graeme Morrice: So you are saying that the Scottish Government are perfectly content that mention of Edinburgh and Glasgow is not made in the Bill?

Peter Lloyd: As it stands, yes. We are content with the provisions in the Bill that will allow further development of the network.

The Chair: Thank you. We are now approaching the end of time, Minister.

Q176 Mr Burns: Presumably, Mr Lloyd and the Scottish Government are content with the Bill because clause 1(2)(a) simply lists all those areas where the train is actually going to, as a fact, in existing proposed legislation. The critical words, "at least", are there, enabling the addition at future dates, if necessary, Edinburgh, Glasgow, or anywhere else in mainland United Kingdom.

Peter Lloyd: As I said before, we are content with the phrasing of "at least"; we are content with the note in the explanatory notes; and we are content that we will be working with DFT on a joint study to progress the network further.

Mr Burns: Thank you.

The Chair: If Members have no further questions for these witnesses, we shall move on. I thank the witnesses from whom we have just heard.

Examination of Witness

Professor Sir Peter Hall gave evidence.

12.26 pm

The Chair: Welcome. For the record, will the new witness introduce themselves to the Committee?

Professor Hall: Thank you, Chair. I am Professor Sir Peter Hall, Bartlett Professor of Planning and Regeneration at UCL—University College London.

Q177 Lilian Greenwood: Good morning, Professor Hall. Could you briefly outline for the Committee your research comparing British and French investment in rail and how it relates to the current debate over High Speed 2?

Professor Hall: I should say at the outset that that research was done in conjunction with, and in fact largely by, my PhD student, Chia-lin Chen, who I expect to receive her PhD in about a month, and is sitting in the public gallery behind me.

Essentially, the research took place in two stages. First, she/we wrote a paper looking at the impact of high-speed rail in the UK alone over the period 1980 to

approximately 2010. This was a study of what we call the low-speed high-speed system we have in this country, running essentially at 200 kph—125 mph. Because it has been in operation for some 30 years, it was possible to try to estimate the economic effects over that long period. The main result of that was that places brought within a roughly two-hour radius of London seemed to have performed very well in comparison with places farther away, with one or two conspicuous exceptions.

The second piece of research, which you have referred to, was a more detailed study comparing the effects of particularly the west coast main line electrification. I should say, the upgrade to that electrification; the electrification took place in 1966. The upgrade took place in stages and was complete in 2008. But evidence subsequent to that, which was useful, allowed Chia-lin to gauge the more detailed effects of the upgrade, bringing the line up to the 200 kph standard, on north-west England.

The important result there was that the upgrade seemed to have directly benefited places with stations on the upgraded line, particularly Manchester Piccadilly, where the unit of measurement is technically called “south Manchester,” which is an EU NUTS 3 region. Certain stations up the line, such as Warrington and Preston, benefited in comparison with places that were not directly reachable, partly because the lines were not yet electrified—especially Blackpool and the Fylde coast, on the one hand, and what is often called Pennine Lancashire, the east Lancashire towns of Blackburn, Accrington and Burnley, on the other hand, which are similarly non-electrified and are served only by indirect connections to the high-speed line.

Chia-lin then compared those results with the position in France, where SNCF had already built the high-speed line north—the Ligne à Grande Vitesse Nord—in 1993 right to the channel tunnel in preparation for its opening in 1994. The immediate effect was to boost the economy of Lille, which is a particularly interesting comparison because Lille is in many ways similar to Manchester—that was the point of the comparison. Lille is the capital of an old industrial, textile region that has suffered massive de-industrialisation in the past three decades. The research shows that Lille’s economy received a decided boost in the conversion from what we call the manufacturing economy to the service-based, knowledge-based economy. Anyone going to Lille will see the spectacular effects.

But more important, and this is the critical distinction, was that certain towns in the wider agglomeration around Lille, such as Roubaix and Tourcoing, and still more towns in the wider Nord-Pas-de-Calais region, such as Calais, Dunkirk, Lens—the home of the new Louvre branch—and Valenciennes, did not do as well. Finally, however, and this is a critically interesting point in the research, the region put substantial sums of money into two investments: one was to subsidise direct TGV services several times a day between those towns and Paris; and the other was to develop a new regional high-speed system that connected those same towns with Lille, reducing commute times substantially, to make jobs that were growing in the Lille region, especially in the central area of Lille, available to unemployed people in those other towns. She showed that that had a direct and immediate effect. That is not 100%, because the results are slightly complex and need to be looked at in a table. We would be pleased to provide you with that

academic article and an academic article on the first study, which we could provide as written evidence after this meeting.

The Chair: Thank you very much.

Q178 Lilian Greenwood: That is a really helpful and comprehensive answer. I am interested that you seem to be suggesting that, if we develop a high-speed line and do the kind of regional development and local transport networks around it, it can in fact help to provide regional growth not just in the cities that have stops but in the wider area. Would you say that is a fair assessment of what you have just said?

Professor Hall: That is not merely fair but the key conclusion from the research. I choose my words carefully here, because this becomes somewhat political. If somebody at a regional level has both the will and the financial means to do this, then you can cause a high-speed line to irrigate the region. That is a wonderful French term that we have been recently using in a conference in Manchester. It is essential to take those additional measures, and they will cost money.

Q179 Mrs Spelman: I would not expect the professor to be necessarily aware of this as it is quite a recent proposal, but the Greater Birmingham and Solihull local economic partnership has, as one of its more ambitious proposals for regeneration, the building of a light railway system to link the black country to the new interchange station at Birmingham International, coming via the Jaguar Land Rover plants. Similarly, it is looking at a southern extension through Solihull to Stratford-upon-Avon and on to Redditch with a view to the tourist interests of people flying into Birmingham International and then accessing a tourist hotspot such as Stratford. Does the professor think that that is the kind of connectivity that would irrigate a region such as the west midlands?

Professor Hall: Yes I do, but there are two ways in which a high-speed railway can irrigate a region. The first is by directly extending the high-speed trains to serve the region. In relation to the west midlands, it seems that, so far, the High-Speed 2 company’s proposals do not meet that objective. The high-speed line is end stopped at Birmingham Curzon Street with this embarrassing and difficult gap between there and New Street. Of course the Centro-like rail connection would be necessary to seal that. What I believe ought to happen is that, although most trains will probably terminate at Curzon Street—the burn gauge trains, including double-decker trains, would have to terminate at Curzon Street because they could not go any further—what are called in the jargon the classic-compatible trains could and should proceed onwards through New Street to serve key destinations in the wider region, such as Wednesbury or Wolverhampton. It seems to me that this is a rather surprising gap in the present thinking.

Secondly, and additionally, the French experience shows that of course you should connect up the key high-speed stations to high-quality Metro and/or light-rail systems. In the case of Lille—Lille Europe—that is done, not perfectly I should say, with the line 2 of the Metro, which is a DLR-type system, running up to Roubaix and Tourcoing, and also to the modernised tramway that serves a greater variety of destinations.

In other places in France—there are many excellent cases now such as Strasbourg and Montpellier—there is excellent interchange just outside the station, in the station forecourt, to all parts of the urban area. The Centro approach in Birmingham is to be applauded, but it is almost certainly not in itself sufficient.

Q180 Mrs Spelman: How did the French regional authorities fund that local connectivity?

Professor Hall: This gets fairly interesting, and I commend it to the Committee. The funding is done through a remarkable tax called le versement transport, which is a direct tax on employers, and it is hypothecated—a word that is anathema to HM Treasury. It must be spent on transport improvements, and it has been used—I am using slightly immoderate language before the Committee—on a colossal scale in the last two decades to finance tramway schemes, and not only in the largest cities in France. For instance, Montpellier, which I was checking yesterday, has opened its third line and a fourth circular line. It is now actively contemplating a fifth and sixth tramway line. That is in a medium-sized—but fast growing—French city. But, in up to 100 French cities they are building tramway networks, connecting with the railway as part of this and financed by the versement transport.

Q181 Frank Dobson: Peter, having asked awkward questions of my good friend Richard Leese, I now have to ask awkward questions of an even older friend. Would you agree that most of the benefits in France seem to spring from local work and local connectivity rather than the high-speed link? I think back to the 1960s when—I cannot remember why, but I seem to remember—you were opposed to the Euston-Manchester electrification.

Professor Hall: Your memory is better than mine on that one, if I may say so, but I have experienced—you will probably be aware—a damascene conversion over the years in favour of high-speed. I should confess to the Committee that I was once in favour of converting railways to roads on a large scale. I am still in favour of doing that with some lesser-used branch lines, but I have very much changed my mind on that.

I would say that the benefits do flow in two ways. They flow directly from city to city. If you connect Paris and Lyon with Marseille and Montpellier, you convey real benefits to those cities, as has happened with Lille. You should therefore expect that High Speed 2 will boost the fortunes of the big northern core cities, but it will not necessarily do much for the regions around them unless further, and fairly expensive, steps are taken.

I would emphasise that point, because I believe that there is increasing evidence—I will examine some of this in a book I am publishing at the beginning of September—that the UK economy is polarising, not merely between what we can call the Greater London and south-east region, which is the area that stretches up to around 80 miles or 130 kilometres from central London, and the rest of the country. It has been put—all members of the Committee will have heard this—that London is becoming a separate, medieval city state, separated from the rest of the UK economy.

There are, however, also dangerous divisions in the north of England between those core cities that are doing okay—Manchester being an example—and the regions around them that are doing less than okay. Some of those places outside the magic circle of the metrolink tram network in the Manchester area, such as Blackpool and Burnley, are doing very badly indeed. That is where some of the real problems in the UK now arise.

Q182 Iain Stewart: To follow on from that point, I accept that connectivity with high-speed rail destinations is important. Have you had the opportunity to look at the plans for the northern hub, the Leeds-Manchester electrification and some of the other improvements in the north-west and Yorkshire? Do you think that those would deliver sufficient connectivity, or does further work need to be done?

Professor Hall: I thank you for that question because it provides me with a prompt to say something that I would have liked to say anyway. The answer is yes and no. Transport for Greater Manchester has achieved something really remarkable in England outside London. Given the disproportion in investment, which you all know of, between London and the rest, it has achieved something remarkable in building out the Metrolink system over 20 years into a true city region system.

I was privileged to travel on that new line out to Droydsden only a couple of weeks ago as part of the conference we held there—very impressive it is too, particularly as it runs through extremely unprepossessing territory in serious need of regeneration. Let us hope that it has that effect.

However, I would stress the question about where the Metrolink ends, particularly at stations like Ashton-under-Lyne and Rochdale, which are essentially within the Greater Manchester agglomeration. Beyond that you have the new Manchester hub and the Ordsall curve which is very important in connecting Piccadilly and Victoria stations. Above all, you have the electrification which would kick in over the next few years. Importantly, a place like Blackpool, which has been so seriously depressed, will have an electric service into the North station by 2016.

However, as I put it rather colourfully in a presentation, following the old Heineken ads, you really need to get to the places that other transport will not reach. The whole of Pennine Lancashire will still remain unelectrified. The Blackpool South line is one that I have been very closely studying as part of an EU comparative study where we have proposed a tram-train solution similar to that which is now being developed for Sheffield-Rotherham, for instance.

There are parts of north-west England, and other similar regions on the other side of the Pennines and elsewhere—areas of the country that are in serious need of economic regeneration—that will still not be adequately served by transport after 2020 and the present wave of electrification.

Q183 Graeme Morrice: I wondered what your view was on extending high-speed rail further north than Leeds and Manchester into Scotland and in particular connecting with Edinburgh and/or Glasgow.

Professor Hall: I would not like to make a definitive pronouncement because I have not done direct work on that question; it undoubtedly has been studied by High Speed 2 and its consultants.

My understanding is that the present approach is very much the one that the French used 30 years ago when they opened the first line of the TGV from Paris to Lyon in 1981. They got big benefits for Lyon, directly connected in two hours by high-speed rail, and then considerable further benefits even down to Marseille on the old line because the journey time reduction on the high-speed line was sufficient to bring Marseille within around four hours of Paris. Subsequently, 20 years later, the line down to Marseille was electrified, bringing it within three hours of Paris. That has brought a further big boost.

I think the approach being used is the right one to try to get an indirect boost to Scotland in stage 1 and consider high-speed rail as an option onwards from—I will be very pedantic—Bamfurlong, where the high-speed line stops in the middle of Lancashire, up to Glasgow and Edinburgh in a later stage.

There is an additional factor, which is that the trains that run up to Scotland in this early stage will be classic-compatible and will not have the same capacity as the big double-decker trains that will connect London and the big cities. But I think this staged approach is probably the right one for now. Beyond that, I could not make a definitive statement to you. I am sorry.

Q184 Martin Vickers (Cleethorpes) (Con): Professor, you highlighted the danger that the core cities will benefit greatly at the risk of the opposite happening in the surrounding regions, and you also pointed out areas not connected to that, and mentioned the east coast; that fits my constituency on Humberside, as well. Would you accept that we can achieve greater connectivity to those areas with the spare capacity created as a result of the transfer traffic to HS2?

Professor Hall: Yes, I would agree with that in the sense that, provided High Speed 2 is built, we shall, by 2032—or 2026, in stage 1—have, rather remarkably, something that no other country has: a high-speed high-speed system running at perhaps 350 kph between the core cities, and the existing low-speed high-speed system, running at 200 kph, which can provide, then, an enhanced service to places like Humberside, on the old tracks.

At the same time, I would expect greater attention to be paid to the possibility of serving Humberside off High Speed 2 over the classical tracks, which seems to me to be an obvious solution, and would follow from the approach that the French have used in northern France.

Q185 Nic Dakin: From your perspective, have you got any observations about the appropriateness and capacity of HS2 Ltd to carry out this work? Is there anything that you would like them to do that they are not doing, or anything that they are doing that you particularly applaud?

Professor Hall: I believe that they have done a very thorough job so far, and they should be applauded for that. I believe that it has been a very engineering-based approach. They seem to have set themselves an objective,

which was a clear and probably commendable objective, of getting maximum speed between London and selected core cities.

That they have done by designing a very well engineered railway, running at remarkably high speeds. That has been very difficult, as you will be aware, because the speeds involve a curvature, I understand from engineering colleagues, of 7 km radius, which means it is very difficult to get that route through England without some environmental effects, which you will all have heard of.

Where I think they may have been less adequate is in thinking through the connections beyond. They seem to have been so obsessed by designing a very high-speed, self-contained railway, as evidenced by that end-stop connection at Birmingham Curzon Street, that they have failed to consider the wider benefits that could arise from integrating their railway with the classical railway system. That, I think, is something they need to address.

My understanding is, now, that because they have a strong team of economists working on the economic benefits, they may be becoming more and more conscious of the issue. That is my sense in the last few weeks.

Q186 Lilian Greenwood: I very much want to follow up the point you were making, Professor Hall. The National Audit Office concluded that at this stage the evidence for High Speed 2 supporting regional growth was unclear. I hope that that is why there is some action on that by HS2 Ltd. How do you think the Department for Transport's assessments of costs and benefits factor in the impact on regional growth; and do you think they have given that enough attention? I am guessing, from what you said, that you do not.

Professor Hall: Thank you for that question, because it is another that I should like to address anyway.

This is a complex question. It is one of those academic questions that prove to be of much more than academic importance to us all. I believe that the Department for Transport approach has been—how can I term it?—very economic, with a very strong team of economists using an approach that they have honed over the years. I have seen some of the evidence they produced for the House, and which has in fact now been published, with your agreement, by the Institute for Transport Studies at the University of Leeds. In fact, we have been in close contact with the now-retired chief economist of the DfT, Tom Worsley, who we asked to do some work for us on this question.

It is very clear that the approach consists of trying as far as possible to embody every single effect in an evaluation scheme that is not merely quantified, but monetised. This approach was developed and honed by the Department over 35 years, since the original Leitch report—the Standing Advisory Committee on Trunk Road Assessment in 1978, I believe; I was on the Committee, but my dates are failing me. Over a long period they tried to create a snowball effect by creating layers and layers of indirect effects around the original core cost-benefit analysis, with its very heavy stress on journey time savings. I know the Committee has been addressing that recently, because it has been very much in the media.

They have had partial success, but there is weighty criticism from academic colleagues—indeed, in my own department—that the approach is almost too mechanistic and too obsessive in its attempt to monetise. They say

that what is needed is a more disaggregated approach, similar to the one that Chia-lin Chen used in her work which we published together.

This is a major continuing debate, and we have undertaken to look at it in more detail over the next five months, in further work in my department as part of the European project I mentioned earlier. If an occasion arises, of course, I shall be very pleased to return to the Committee or its successor to report on the results of that work.

The Chair: We are now approaching the end of this session. We have two minutes for a very brief question.

Q187 Frank Dobson: Cost-benefit analysis includes two things: guessing the benefits, and trying to guess the costs. Are you aware that, in the cost estimates for Euston, it looks as though HS2's original estimate was roughly half of the revised estimated cost of the major scheme, which they then abandoned?

Professor Hall: I have heard that, yes. This is stating the blindingly obvious in a minute and a half, but I should say that as you all know the real problem arises at the end of the line. It arises particularly at Euston, and also in very large measure at Manchester Piccadilly, with a five-mile tunnel under Manchester. Saving money on the ends of the line seems to me to be an absolutely critical question. If I may be allowed a last response, I think we might have to reconsider lateral-thinking approaches to the problem of the ends of the line.

Q188 Lilian Greenwood: Given what you said about the importance of making sure that the high-speed line connects to the wider network, do you think there is enough classic-compatible stock to serve all the further places off it? Do you think there would be merit in considering whether HS2 Ltd should sit separate from our infrastructure provider, Network Rail?

Professor Hall: May I ask for clarification? Do you want to consider whether the stock could be more compatible in running on to Network Rail?

Q189 Lilian Greenwood: Is there likely to be enough classic-compatible rolling stock?

Professor Hall: I believe that it would generally be compatible with existing lines. There are some curious variations, depending on the complexities of 19th-century railway history, but generally the classic lines we are talking about in the north-west and Wiltshire—

The Chair: I am sorry to interrupt, but we have run out of time. I thank the witnesses on behalf of the Committee.

Ordered, That further consideration be now adjourned.
—(Nicky Morgan.)

1 pm

Adjourned till this day at Two o'clock.

