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GENERAL COMMITTEES

Public Bill Committee

HIGH SPEED RAIL (PREPARATION) BILL

Fourth Sitting

Thursday 11 July 2013

(Afternoon)

CONTENTS

Examination of witnesses.
Programme order amended.
Examination of witnesses.
Adjourned till Tuesday 16 July at five minutes to Nine 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

Richard Hebditch, Campaigns Director, Campaign for Better Transport

Mike Hewitson, Head of passenger issues, Passenger Focus

Steven Hayter, Chair, Institute of Civil Engineers

Terry Morgan, Chair, Crossrail Ltd

Nicola Shaw, Chief Executive, HS1 Ltd

Tony Berkeley, Chairman, Rail Freight Group

Rt. hon. Simon Burns MP, Minister of State, Department for Transport

Alison Munro, Chief Executive, HS2 Ltd

David Prout, Director General, HS2 Project, Department for Transport

Public Bill Committee

Thursday 11 July 2013

(Afternoon)

[ANNETTE BROOKE *in the Chair*]

High Speed Rail (Preparation) Bill

2 pm

The Committee deliberated in private.

Examination of Witnesses

Richard Hebditch and Mike Hewitson gave evidence.

2.1 pm

The Chair: I remind all hon. Members that questions should be limited to matters within the scope of the Bill and that we should stick to the timings in the programme motion, which the Committee has agreed. I hope I will not have to interrupt someone mid-sentence, but obviously I will do that if need be.

I welcome our new witnesses. For the record, please will they introduce themselves to the Committee with their name and title?

Richard Hebditch: I am Richard Hebditch, and I am campaigns director at the Campaign for Better Transport.

Mike Hewitson: I am Mike Hewitson, head of passenger issues at Passenger Focus.

Q190 Lilian Greenwood (Nottingham South) (Lab): Good afternoon. What fares and ticketing policies would each of you like to see in place for the new line?

Mike Hewitson: For us, one of the big issues is the cost of fares. Typically, if you are going up the west coast main line and you walk up on the day and buy a ticket in peak time, you will pay a fortune. A single from London to Manchester is about £150. You can get a ticket for that same train, if you book weeks ahead, for £20. It is the sheer range of fares. If I am looking for anything, it is affordable flexibility. Quite what shape that takes remains to be seen, because how much HS2 will cost is one of the dark areas at the moment, and cost is quite fundamental from the passenger's perspective.

After affordable flexibility, you have to have a simple, easy to understand structure. One of the big complaints that we get all the time from passengers is, "I simply do not know which fare to buy at what time." It is about having a very simple structure with that element of flexibility, as I have said. I understand the use of demand management, airline-style, to get people on when there are seats, but one of the beauties and joys of rail is that "turn up and go" feel. If you put 20-minute frequencies on a route, why make me book 12 weeks in advance?

Richard Hebditch: It is also important that fares are part of the wider network. It needs to be part of an overall strategy towards the railways, which is about growing demand. You could remove the need for HS2 simply by whacking up the fares on the railway network and the west coast main line, but that does not meet

wider economic, environmental or social goals. It is important that HS2 is part of an overall strategy to encourage rail travel and ensure that railways are not simply seen as something for those on higher incomes and who are rich.

Q191 Lilian Greenwood: Richard, what steps have been taken to ensure that stations on the high-speed line are integrated with public transport and are accessible to pedestrians and cyclists?

Richard Hebditch: It is an issue that everyone is aware of, but it is not necessarily being taken very seriously. Part of that is about the location of stations. We are more concerned about the parkway-style stations, such as Sheffield Meadowhall, and whether they benefit cities. We would like to see stations located in city centres, so that they have more of a regeneration effect.

It is all about the extent to which high-speed rail is simply seen as a national transport issue. It is a local transport issue, but it is also a local regeneration and economic issue. We are a bit concerned about the extent to which we are looking at the structures in place in the cities and regions so that they can benefit from this.

Where there are links across a region, for example in the west midlands, the structures in place are quite confusing. In the west midlands, there is Centro, and I think you heard from Geoff Inskip on Tuesday. He is dealing with three local enterprise partnerships across his area and three local transport bodies. The question is whether they have the structures and capabilities in place to ensure that there is good access and that we benefit from the released capacity on the west coast main line as well.

Q192 Lilian Greenwood: Mr Hewitson, in your written evidence you referred to the potential for more local services. But public awareness about how the freed up capacity can be used seems to be really limited. Would you agree with that assessment and, if so, why do you think the case has not got through to the wider public?

Mike Hewitson: I absolutely agree. It is one of the lost opportunities. The sense is, "The Y does not go through my area so it is no good for me." If you are in Milton Keynes, for instance, it does not, but look what we can do with the space that is freed up. What do you want that space to be? Do you want it for more commuting services for London? Do you want it for more direct trains to other places? What is important to you? Let us redesign the west coast timetable to fit that.

If we had that debate a bit more in public, people might see how some of the benefits of this railway could be spread out a bit. It has got locked into an issue of cost and speed, when in reality it is about the capacity. If it were framed about capacity there would be a different debate.

Q193 Iain Stewart (Milton Keynes South) (Con): Mr Hewitson, I would like to follow up your point about fares on HS2. I think I am right in saying that on the French TGV network, tickets are issued is entirely by reservation in advance.

Mike Hewitson: Yes.

Q194 Iain Stewart: Is that something you would be concerned about on HS2?

Mike Hewitson: It is reservation in advance but you can book virtually up to the point of departure if any seats are left. I think that is one of the key differences. At the moment, it is 6 o'clock the night before, possibly midnight the night before. You cannot buy them on the day.

One of the difficulties we have is about flexibility. If you are on a business trip and it overruns by half an hour, it is a whole new ticket. We might be able to convert. In France you can turn up, in a sense. One of the oddities and some advice we have had from the industry was to buy two tickets and throw the one you do not use away. That cannot be a sensible use of capacity.

Q195 Iain Stewart: To clarify, you would be content with an all-reservation system, provided it could be done up to a few hours before?

Mike Hewitson: I would rather a walk-up railway because I think that is one of the strengths. If it has to be, then if you can book up to the point of departure there is a compromise.

Q196 Iain Stewart: When the Transport Committee considered ticketing, we were given to understand that the fare structure would not be dissimilar from the classic network's.

Mike Hewitson: I hope it is dissimilar in the sense that it is simpler to understand.

Q197 Iain Stewart: Well, there is a ticketing review going on generally. Is it still your understanding that HS2 will not have a premium fare structure?

Mike Hewitson: I do not know is the answer to that. One of the grey areas where we need some more clarity is how much it would be. As Richard said earlier, will they connect with existing networks? Will there be inter-availability or will it be a separate railway? That is another big area where passengers would welcome some additional clarity. Personally, I think it has to be. It has to be part of a national network rather than a railway on its own.

Q198 Frank Dobson (Holborn and St Pancras) (Lab): Can you confirm that virtually every survey of passenger concerns mentions the price of tickets? Secondly, do you seriously think that HS2 will not charge a substantial premium?

Mike Hewitson: Yes, cost—value for money—features there. It is usually in the top two. Punctuality and cost tend to flip around at times, but it is always there. Will it be a premium railway? I fear that it will be. You will be paying for the speed, but I suppose how much of a premium is the question and what impact that would have on fares on other routes. How will we have it as part of a co-ordinated network? It is no good having fares so expensive on HS2 that everyone stays on the conventional railway. Where is the benefit? You have to have people using it.

Richard Hebditch: I think you will also see a bit more competition in some ways as well. Whereas, at the moment, the west coast main line is very much one provider, you might see a bit more competition from the classic network with the high speed network. Obviously,

there is a role for the Government in terms of regulating the fares. Most fares at the moment are still regulated. We still see a strong role for Government in ensuring that fares are affordable—the walk-up, off-peak fares in particular.

Q199 Frank Dobson: If you think the west coast main line, as it is at present, will be sufficiently attractive in terms of time and will compete effectively with the new railway, why are we having the new railway?

Richard Hebditch: There is an issue about how HS2 has been sold. It has moved from, "We are spending x billion to save 20 minutes," to, "We are spending x billion to tackle west coast main line capacity issues," to, "We are spending x billion to reduce carbon from transport." There are cheaper ways of doing all those individual things.

Although we are often quite critical of HS2, it will deliver—I hate using this phrase—the step change in the railways that will achieve a much wider range of benefits. That is what the benefit is. It is not simply about west coast main line capacity; it is about capacity more widely. It can do those things.

Q200 Nicky Morgan (Loughborough) (Con): We might have already exhausted this, but I want to ask about capacity. Perhaps I can start with you, Mike Hewitson. You talked about the need to have a debate. Take us further forward. How do we have that debate? What do passengers—the people you represent—want to hear about capacity, and how do you get across to them what services they will get? For example, they might get a seat on a service, which they do not get at the moment.

Mike Hewitson: We have done some initial research on what we called release capacities on the west coast main line. Basically, we went out and asked people in Coventry, "If you had a choice, what is your priority for extra services in your station? What would you like?" That was joint work with Network Rail to try to build up a model, so we can attach values to the different concepts. That is already there.

Similar work is going on with the second stage as well, so we can build up some options. When we have got something tangible, we can take it to passengers. Invariably, if you ask, "Do you want services to be sped up?" "Oh yes." "Well, we are going to speed them up by taking your stop out." "Oh no." Unless you can provide that detail, it is very hard to have that debate.

We are convinced that if you want to get the best out of the existing railway, you have to ask the people who are using it what they want it to do, and then design the services to match. You have got to ask people to start with, then you need to test the propositions later. It is quite difficult at the moment because you are talking so far ahead. Asking people what kind of service they want in 15 or 20 years' time is fraught with difficulties. It should be based on what they want now, and then you have to try to project that forward.

Q201 Nicky Morgan: This is a question for both of you. We heard a lot this morning and on Tuesday about connectivity, the importance of where HS2 will stop and how it will be connected. At the Nottinghamshire stop—the east midlands stop—it is going to be connected by tram. Do you have any views about the use of trams, light rail systems or anything else?

Mike Hewitson: Certainly, when we have looked at non-users, or potential users, it is always about convenience, and convenience is connections. It is, “How much of a hassle is it? If it is too much of a hassle, I will drive.” If you are going to have connections and tram links, they have to be pretty smooth and they have to work. They have to run late enough in the evenings and early enough in the mornings and weekends to provide that link.

That is why, traditionally, railways have gone into city or town centres, which are the hubs of the transport network. Personally, I would like them to go into Sheffield because you would get more benefits out of that. If you cannot and there are very good reasons why not, you have to convince people about how everything is going to work around it. It has got to become a real hub.

Richard Hebditch: I think what trams can do is offer certainty in a way that a bus service cannot. Obviously, buses are a vital part of the public transport system, but people are more worried about the certainty—whether they will be able to catch them—and the frequency of service, than they are with trams. The ease of changing between different modes is important.

Q202 Graeme Morrice (Livingston) (Lab): How do both of you see high-speed rail fitting in with a wider transport strategy for the United Kingdom?

Richard Hebditch: For us, the way the economy is changing, the way the environment is changing and the likely rise in the price of energy implies a move away from a car-based transport system to more public transport. Because some 83% of journeys are by car, a small change from that, compared with the 9% of journeys by train, implies a big growth in rail demand. Over the past 10 years, car traffic has actually fallen by a small amount and we have seen a 50% growth in rail traffic. That is likely to carry on into the future.

If you think about where the jobs are likely to be in future, they will often be in cities—the service-based economy. If you think about the rising cost of energy, including oil, and the need to reduce carbon emissions, all that implies a growth in rail. We think that that will carry on into the future. That implies that we need to ensure that high-speed rail is part of that wider national transport strategy and is not simply a discrete railway, separate from wider transport issues, local transport and the rest of the railway network.

Mike Hewitson: I do not think that I would add anything to what Richard has said.

Q203 Graeme Morrice: Okay. Would there be greater benefits to the UK if the project were to extend into Scotland?

Richard Hebditch: We have not really looked at that. I guess it is about how much benefit in terms of journey time savings there is for the extra cost. You have only got significant journey time savings to Scotland from phases 1 and 2. Whether the additional benefits would be worth it remains to be seen.

Mike Hewitson: From a pure passenger perspective, yes of course—more links to more places. If I had to put a taxpayer’s hat on, I might echo some of Richard’s comments about the costs and the numbers and so on. From a pure passenger perspective, having a wider network with more choice and opportunities has obvious advantages.

Q204 Mrs Caroline Spelman (Meriden) (Con): You mentioned the issue of connecting up with other key parts of the transport network. At present, west coast main line trains do not run early enough in the morning to meet flights at Birmingham international airport. That cannot be a capacity problem, because it is off-peak. Because it is a night-flying restricted airport, the first flights out of Birmingham are at 6.10 am, and there are no trains to get people there. Would you envisage the new high-speed rail being able to help with that situation?

Mike Hewitson: Hopefully. On one of the issues, it could well be that they do the engineering work overnight. If you are running an early morning airport connection, you eat into that engineering time. If you do not do it overnight, you have to do it at weekends. It is matter of balance. I would have thought that, with a brand new railway that is designed to be easily maintained, there are opportunities.

Q205 Mrs Spelman: Could I ask a supplementary question about ticketing? Outside London, in the regions, there is always an aspiration about the possibility of through trains from those regions on to the continent. Clearly, Birmingham airport could be a point of embarkation in terms of clearing passport control. Would you envisage through-ticketing arrangements to the continent? If you have not been asked this question, what do you think about the HS2-HS1 link?

Mike Hewitson: Through-ticketing—yes, you can get through-tickets now, in a sense. You can get combination tickets from UK domestic stations that are under international ticket rules rather than UK ticket rules. You have to ask the question—it is quite hard to find them on websites, but they exist. An extension of that is eminently feasible.

As for direct services, again, it strengthens the attraction of rail. The more journeys you can do by rail as a passenger group, the better. Again, there are cost issues in terms of going through the tunnel and so on, but it is a very attractive proposition. You get people using rail for one journey—for a holiday—and you may bring them on to rail for other journeys during their normal lives.

Richard Hebditch: On the HS2-HS1 link, there is some evidence about the business case being helped if there are some domestic services as well, in terms of justifying the cost of tunnelling or whatever the solution happens to be. If you are able to run domestic services from Kent up to the midlands and so on, that potentially improves the benefit-cost ratio as well.

Q206 Nic Dakin (Scunthorpe) (Lab): Do you have any observations on the effectiveness, capacity or capability of HS2 Ltd?

Richard Hebditch: We engage with them on the environmental issues, in discussions with other environmental groups, and they are a relatively easy operation to engage with. It is difficult for them always to respond to all the demands placed on them. I know that you have asked this question of others as well.

The organisation has grown very rapidly and for us it is often very focused around the community engagement work that they are doing, through the Chilterns in particular. I understand how difficult it is for them to grow so rapidly. They have been a good organisation for

us to work with, but I understand the difficulties they have. If I were campaigning against HS2, I would try to make HS2 Ltd's life as difficult as possible so that it made mistakes, so I sympathise with the challenges they face.

Mike Hewitson: I echo that; they have a difficult job. In terms of our engagement, yes, we have engaged. We would certainly like to engage more on certain issues, but that is as much up to us to ask and push as it is for them. There is certainly no objection on their side. The work that we have done with them so far we have done well, in the sense that we do not have a concern about being closed out. When we get into some of the more detailed discussions, I think we will have a better feel.

Q207 Nic Dakin: How responsive have you found HS2 Ltd and the Government to ideas and suggestions coming forward in this process, either at national level or at community forum level?

Mike Hewitson: The research that we did on the release of capacity was after discussions with the Government and at the prompt of Government. Yes, that has fed in there, and our work on passenger priorities is reflected through there. What we are doing is being listened to.

Q208 Karen Lumley (Redditch) (Con): You talked about Meadowhall and the issues facing that. Do you see any issues facing the Curzon Street site in Birmingham?

Richard Hebditch: It is a city centre location site. I know that there has been criticism of it, but for us I think it is near enough to the city centre to work as a city centre station. It is close to Birmingham New Street and to the shops and offices at the centre. It seems to us a reasonable solution.

Q209 Frank Dobson: In your discussions with High Speed 2, what have they said about premium rates for tickets?

Richard Hebditch: We have not discussed that issue with them, I am afraid.

Q210 Frank Dobson: My other question is: why do you reject the proposals from 51m to improve the services at vastly less expense than the £50 billion for HS2?

Mike Hewitson: I think there are things that you can do for the existing railway, and I think you can get more out of it, but there is a finite capacity as to how many trains you can actually run per hour. If you look at the projections, they say that we will reach that. The benefits of the new railway line—I will call it the new railway line, rather than high speed, because it is about capacity for us—are the step change in capacity, the extra trains you can get down that line and the extra trains on the other track.

The danger of just looking at tiding us over—adding a bit more—is that you put an awful lot of stress on the existing infrastructure. I have been around long enough to remember the modernisation of the west coast main line, and it was a horrible time for passengers. The weekend market was decimated. You look at it now and it is a popular railway, which is drawing in new business.

Building a new house around you is a very difficult thing to do, and I think we need to add that into the debate as well. It would be quite hard and expensive to do an awful lot of track work and everything that has been talked about to get more down at the same time as trying to run a service. The step change for capacity and the level of disruption lead us to the conclusion that the new railway line is the better long-term answer, but it will cost more.

Richard Hebditch: It also assumes that the current west coast main line meets the needs that we want it to meet as well. There is not enough capacity for freight, but there is also the fact that it is a very London-focused railway: it is fine if you want to go from London to the north-west, or if you want to go back into London, but it does not provide good connections between the cities and towns along the route, and much more could be done to develop that. One of the benefits of High Speed 2 is the potential for it to link the cities of the midlands and the north much better. You have heard about the slow travel times between the cities. That, for us, is one of the benefits that HS2 can potentially offer. It is not the only way of doing that; obviously, other investments such as the northern hub are vital, as well as some of the reopenings—things like the reopening of Todmorden curve, which will halve journey times from Manchester to Burnley. That kind of thing is also really important.

Q211 Martin Vickers (Cleethorpes) (Con): Mr Hebditch, in your written evidence on carbon emissions you say that there would be considerable savings over 60 years, but that if the wrong decisions are made it could increase emissions. Have any wrong decisions been taken up to now and which potential wrong decisions do we need to avoid?

Richard Hebditch: One potential wrong decision is about the location of stations. Sheffield Meadowhall is potentially not the right location in carbon terms. If you are developing these stations outside city centres to be based around car travel to them they will potentially add to emissions. Another issue might be about the speed of the trains: there is a good argument to be made for having lower speeds initially, particularly as our energy supply is not decarbonised to any great extent, although you might have faster speeds further down the line when there is more decarbonisation. Those are the kind of issues that are addressed. Then there is the issue of pricing overall, relative to flying and driving. If HS2 is priced at a premium—we hope it will not be—and if that is much higher than the cost of flying, you will not get the benefits in carbon terms that you could otherwise do.

Q212 Mrs Spelman: Just for a minute, I was reminded of that announcement that is made on the high-speed train in France, “On atteint la grande vitesse.” We have arrived at our top speed.

I wanted to ask you about passenger experience because this is very important for your contribution. I was reminded the other day of the problem for foreign visitors in this country, when a French friend complained that it is difficult for foreign visitors to understand the different train operators on each line. Like the rest of us, when they look online at ticket prices they tend to go for the cheapest ticket. Who would not? But what they often do not realise is that some of those journey times

[Mrs Spelman]

can be double. For example, if you catch the midland main line service that goes via Northampton, it can take you two hours or more to get to London; if you use the west coast main line it should be an hour and 10 minutes from Birmingham International. Very often those visitors are caught out once they are on the train—I have been there and there is not much mercy given if you have the wrong ticket on the wrong train. What could be done in terms of transferability or making it very clear to people when there is differential pricing, so that they are not caught out?

Mike Hewitson: It starts on the websites and on the ticket machines. They need to be able to do what an old-fashioned ticket clerk would have done, which is ask a few questions and sell you the right ticket. At the moment, particularly with ticket machines, it is entirely down to you asking the right questions. If you do not know what to ask, you get the wrong ticket. That is part of the problem. You could have a blue ticket on a blue train only and a red ticket on a red train only, but it is a real problem. You can get some very good deals, but you have to understand what you are buying. There is just not enough information at the moment. The industry has some suggestions and solutions, things that are being talked about as part of the Government's fares and ticket review, and they will hopefully point in that direction. If you know what you are buying, then you are fine, but if you are not sure what you are buying, you are in trouble.

That is magnified by a real concern we have about the railways' attitude towards people who have made mistakes. There is a very fine line between making a mistake and being dealt with as if you are intending to defraud. There is just not enough discretion. Foreign visitors are a prime example. Suddenly being asked to cough several hundred pounds on a train for a simple mistake is just not right. There needs to be some means of taking them out of that situation to begin with, but then dealing with them with that element of discretion. That is a real challenge for the industry.

Q213 Mrs Spelman: Are you aware that because the national exhibition centre is at Birmingham International, this is a significant problem for foreign visitors travelling from London to the NEC?

Mike Hewitson: Yes, we see it from Gatwick to London and from London to places like that. It has to be simpler. If you make it simpler for domestic use you will make it simpler for international use.

The Chair: If Members have no further questions—

Lilian Greenwood: Is there time for a quick question?

The Chair: We are down to seconds. How quick can you be?

Q214 Lilian Greenwood: My question is for Mr Hewitson. Do you expect HS2 to feature in the fares and ticketing review and do you think there is anything to be learnt from HS1's fare structure?

Mike Hewitson: I think it will be too early for it to feature in the fares and ticketing review. Can we predict what the situation will be in 20 years time? I think it needs to be factored into structural questions—

The Chair: Order. I am afraid that that brings us to the end of the time allotted for the Committee to ask questions of this panel. I thank you on behalf of the whole Committee.

Examination of Witnesses

Steven Hayter, Terry Morgan and Nicola Shaw gave evidence.

2.30 pm

The Chair: For the record, please would the new witnesses introduce themselves to the Committee—their name and organisation.

Steven Hayter: I am Steven Hayter, for the Institution of Civil Engineers.

Terry Morgan: I am Terry Morgan, for Crossrail.

Nicola Shaw: I am Nicola Shaw, for High Speed 1.

Q215 Lilian Greenwood: Good afternoon. This question is primarily for Mr Morgan and Ms Shaw. It took more than two years to get the hybrid Bill for HS1 through Parliament, and it took three and a half years to pass the hybrid Bill for Crossrail. I wanted your comments on whether those Bills were subjected to any unnecessary delays. Do you think that the Government's timetable for passing the HS2 hybrid Bill by May 2015 is realistic?

Terry Morgan: That is a great question. I do not have a view on High Speed 1; Nicola might, but I do not. When you look back and say to yourself, "Why did it take three and a half years?", to be frank I think we were exploring. In terms of scale and complexity, with Crossrail a number of things were learned. A number of the people involved in High Speed 2 were involved in the preparation of the original hybrid Bill, so some of that knowledge has transferred across to HS2. It is a very demanding timetable, but you often find that when there is a demanding timetable, things can happen in the right way. I think this is one of those processes that is better driven by a timetable to get a conclusion than allowing it to be open-ended. Meeting the timetable is possible, but it is very demanding.

Nicola Shaw: I think Terry is right about the transfer of knowledge from the process with High Speed 1 to the process with High Speed 2 and the parliamentary support you need through this process. The scrutiny you are giving now and the scrutiny that will come forward as you go on will be useful.

Q216 Lilian Greenwood: Mr Hayter, in your recent "State of the Nation" report, you said that the delivery of the project could be sped up. Is that assessment purely from an engineering perspective, or do you think that the consultation and legislative timetables could also be hastened?

Steven Hayter: It is mainly from an engineering perspective. What we were really driving at was that, provided the hybrid Bill could be seen through within the time expected, then from an engineering perspective, something like phase 1 of the railway as planned could be constructed in about five years. That would give a much more competitive timetable than the one that is projected at the moment by High Speed 2.

Q217 Lilian Greenwood: Mr Morgan, could you say a bit about Crossrail's apprenticeship programme and what discussions you have had with HS2 Ltd about how it could deliver apprenticeships as part of its project? May I ask you to cover in your reply Crossrail's commitment to delivering one apprenticeship for every £3 million spent and how that ratio was reached?

Terry Morgan: You are quite right. We took some learning from the Olympic Delivery Authority, which had a similar ambition but did not put that into the contract with its providers, and that made the delivery of the ambition more difficult. In other words, contractors committed, but if they did not have a commercial obligation, they still felt that they had choice. When they have choice, you often find that the commitments that you want them to fulfil, around what I would describe as the soft subjects, are sometimes lost. We on Crossrail—I am certain that it is the case on HS2 as well—have always felt that, given the scale of what we are trying to do, there is obviously the importance of delivering the programme, but there is also a question of legacy. That is why we have built a skills academy in east London, on the border between Ilford and Newham, and our contractors are under a commercial, contractual obligation to deliver apprenticeships for every £3 million, or recruit somebody who is currently unemployed.

The words are there, but how do you then do it? We think it is important that we built a skills academy. We said that we would have 400 apprentices; we are now at 230 and the number seems to grow every week, so we are very confident that we are going to get over the 400 apprenticeships mark in that process. The thing we have learned, though, is that there is more you can do with people who are currently unemployed, so we have been running pre-employment programmes. Some of it is very simple: how do you get people up to the idea of getting out of the house and turning up for work at the same time each day, and not having a choice about it? It is very simple, but people lose that sort of habit. At the same time, if people have some vocational skills, how can we enhance them? I am a great advocate for it, because we have taken 1,000 people through that programme so far, and 500 have got jobs on Crossrail. We are great advocates for this, but never doubt that unless you make it a commercial obligation, in my experience contractors will find ways to avoid it. You have to have a determination from the beginning that this is part of the legacy.

I emphasise that our skills academy is not badged Crossrail; it is legacy. If you were ever to go there, when you are inside there you will see Crossrail, but my ambition for it is that the next phase will be Thames tideway, which will need the same skills and I want them to use that academy. They are part of my advisory board. Because of the increased tunnelling that is coming through, HS2 are also starting to show some interest, so I will be encouraging them to participate in the skills academy that we built, which is the first in the world.

Q218 Nicky Morgan: Ms Shaw, in your written evidence you stated that since its construction, the railway has been a catalyst for growth and regeneration, delivering broad transport, economic and regeneration benefits to London and the south-east, which is good to hear. Is there anything you want to add?

Nicola Shaw: Yes, I would love to. There are four stations along the line—at Ashford, at Ebbsfleet, at Stratford and at King's Cross—and at each of them we have seen a lot of regeneration; a report done in 2009 by Volterra estimated that overall that amounted to just under £4 billion. We are seeing all sorts of things coming along now, including jobs and housing developments. Exciting things are happening such as the development of the shopping centre for McArthurGlen at Ashford; the development of a new scheme with Paramount at Ebbsfleet; huge developments, first for the Olympic park and now at King's Cross, around what we are doing in central London; Google announcing that they are coming and starting to build; Camden town hall relocating; BNP Paribas, the Aga Khan—a number of different things are happening at each of the stations along the line.

Q219 Nicky Morgan: A question for all three of you: do you think that there is a nervousness in this country about big civil engineering projects, and that sometimes we do not think big enough? This might be particularly for Steven. We have seen with the Olympics that we were able as a country to deliver a big project on time and on budget. Do you think that might be why there is nervousness around HS2—it is just so big that perhaps we are biting off more than we can chew?

Steven Hayter: I think yes. There is certainly a nervousness reflected among parliamentarians and the media, especially. The civil engineering industry and the railway industry have shown in the past 10 to 20 years that large major projects can be planned, constructed and maintained much more efficiently than previously, to time and to budget. You mentioned the Olympics, and that has to be a prime exemplar of that new way forward. We have to emphasise and make information available to the public to try to give them more confidence that the structures and our professions can deliver to a prescribed time scale and cost.

Nicola Shaw: I have to commend High Speed 1 on that basis as well, as a precursor to the Olympics in the same vein, and I am sure that Terry will go on to say that he is on track for delivery. The notion that we are not confident in this area simply needs to be dispelled. We need to move on.

Terry Morgan: We are twice as big as the ODA in terms of scale. We are on time and we are going to deliver the project inside our funding envelope. I think that we are rebuilding a reputation that says we know how to do these things. Provided that we make sufficient funding available to handle the inevitable unknown factors, we are more than capable of delivering the programme.

You cannot imagine—I find it fascinating—how many overseas delegations come to London to look at world-class projects such as those we have done at the ODA and are now doing at Crossrail.

Q220 Frank Dobson: Ms Shaw—this may be a question for Mr Hayter, too—you mention the importance of the transfer of knowledge. Have you contemplated transferring to HS2 the knowledge that Walt Bell, the huge man from Bechtel who masterminded HS1, decided that it was better to have a double-bore tunnel all the way from Barking to St Pancras, rather than face the

[*Frank Dobson*]

construction risks of running it along the North London line? Yet HS2 has announced that it wants the line to run along the North London line because there are fewer construction risks, despite the fact that it will come out of a five-mile tunnel that it is going to bore.

Nicola Shaw: Let me answer that by going directly to the point, which is that yes, the knowledge transfer is happening. Tim Smart, who used to be the engineering director at High Speed 1 and worked on the construction of HS1 throughout its life, now works at High Speed 2, reporting to the engineering director there, Andrew McNaughton; so we have the brain that was working on High Speed 1 working on High Speed 2. Tim Smart has been part of the design committee around the link between High Speed 1 and High Speed 2.

Q221 Frank Dobson: Do you think he has forgotten, then?

Nicola Shaw: No; he would say that he is choosing the right tools for the right job. Part of the consultation is about establishing that everybody agrees that that is the case. When he was at High Speed 1 he provided for the connection, so it is already possible to come off High Speed 1 and go onto the North London line. The connection exists; they are building on that and using it to make the link to High Speed 2.

Steven Hayter: We at the Institution of Civil Engineers were consulted; we made a submission for the phase 1 consultation in which we were generally supportive of the High Speed 2 routing. The one area we focused on as perhaps needing more work was the one Mr Dobson just described. We think that the North London line is very constrained in that area and agree that there are risks associated with bringing a line to the surface along the North London line in that particular location. Therefore we think that High Speed 2 needs to look at the engineering and the possibilities for that part of the route.

Q222 Martin Vickers: My question is similar, but perhaps slightly broader. Ms Shaw, are you satisfied that mistakes made in HS1 have been learned from and that none are being carried forward into the new programme?

Nicola Shaw: I am not sure what mistakes you mean, so I will talk more generally about the positive transfer of lessons. Are we transferring lessons learned—the good things and the perhaps not so good things? Yes. I would be very happy for you to see the line and go on a tour: we have done similar things with a number of MPs already, some of whom are here, and with members of the High Speed 2 planning and design teams. There is a lot of talking to people who were at High Speed 1 during the construction, who either continue to work there or work for other organisations. We are trying to ensure that that embedded knowledge is transferred to the people working on the other side.

Q223 Graeme Morrice: Terry Morgan and Nicola Shaw, do you believe that the benefit-cost ratios of High Speed 1 and Crossrail adequately reflected their economic impact?

Nicola Shaw: For High Speed 1, the answer is probably no. The work was not done in that way; it related much more to passenger numbers than to economic growth. As I said in the answer I gave before, the growth that

resulted from High Speed 1 has been significant. None of the development around King's Cross or Stratford and the Olympic park would have existed without High Speed 1. We have seen significant growth and continue to do so. Only recently, 20,000 homes have been approved for development in Ebbsfleet.

Terry Morgan: The GDP benefits of Crossrail have underpinned the support for this programme all the way through. We have always taken a view that the calculation, at £42 billion over the lifetime of Crossrail, was a conservative estimate of the regeneration benefits. Mr Dobson has already heard these numbers quoted, but I think it further emphasises the regeneration benefits.

We commissioned some work at the end of last year. Now we are starting to see Crossrail become something real on the ground, we are already starting to see regeneration occur in a broader way than perhaps we had anticipated. So we commissioned some independent work that asked: what was the delta that was being created by Crossrail to the rest of London as a consequence of it being there by 2020? The bottom line of that is that our calculations in support of the £42 billion—and, in my opinion, much more—is that by 2020 there will be £5.5 billion of regeneration value created as a consequence of Crossrail, and the acceleration of 57,000 new homes, because property developers now have more confidence, by actually seeing Crossrail arrive on their doorstep. We are starting to see some real, significant changes occur as a consequence of that. I do believe the model is robust, but I also think it is—you might say it is probably the best way to be—a conservative model in terms of the value of Crossrail and its regeneration value.

Q224 Graeme Morrice: A question to Steven Hayter and Terry Morgan. In ICE's written evidence, it is stated that the indirect costs of tunnelling may be higher in the UK than in Europe, particularly in the light of the experience of Crossrail. Are there ways for that cost gap to be closed?

Steven Hayter: I believe so. Yes. The indirect costs appear to be down to extended planning processes and, of course, the parliamentary and consultation process that we have in this country. There should be a way to make this more efficient. We believe that there is. We continue to look at how that might be done.

Terry Morgan: I guess I have two answers to that. We are going through a huge learning curve. We have been short of extensive tunnelling work in the UK, so we set up the skills academy. For example, we needed 1,200 people with a certain skill set who could do this work, and in the UK there were 700, average age 55—this is three years ago. So we are trying to catch up. It is important to recognise that Crossrail should be just a journey. Other infrastructure projects critical to maintaining that capability in future will bring cost benefits to it.

I have to make a plea that, when making these comparisons, people do not underestimate the complexity of building a tunnel of the scale that we are building under an old city like London. It is hugely complex. On the other side, people from around the world coming to look at us cannot believe the scale of what we are taking on in London—and we are doing it. We have a showcase: under a city like London we can do things. We have not created gridlock across the city as we have been doing the work; there may be examples where there has been a

degree of intrusion, but we have learned some real techniques about how to build huge infrastructure projects in a great city like London.

Q225 Karen Lumley: It is obviously important that there is a direct link between HS1 and HS2. How closely are you working with HS2, and how do you find working with them?

Nicola Shaw: We are working closely with them. As I explained, they have been coming to look at things that have been done on High Speed 1 through a long period up to now, and will continue to do so. The good news is that in the current design we do not have to make any changes. Already the connection exists on to the North London line. The focus for them is, what do we do once the trains have left High Speed 1, on to High Speed 2? That does not mean that we ignore them; it means we work with them as closely as we can. But from their engineering point of view, there is not any change they need to make in High Speed 1.

Terry Morgan: Could I add to that? It may not be obvious, but at Old Oak Common we have had to work with HS2 quite heavily, because when HS2 comes along, there will be a new interchange station at Old Oak Common to interchange with Crossrail and it is really important that we do nothing that frustrates the plans for HS2. We have done a certain amount of work in terms of design changes to ensure that we facilitate the arrival of HS2 at some stage in the future. The relationship is very strong. By working together, we have made some changes to the design at Old Oak Common for the better.

Q226 Nic Dakin: I was going to check that you are content with the design and location of the Old Oak Common interchange. We heard also from Camden on Tuesday, who argued that rather than rushing to deal with Euston, Old Oak Common could act as an effective temporary interchange to allow time to get Euston right. Have you any views on that?

Terry Morgan: The expectation, as I understand it, is that Crossrail will take 30% of the load that High Speed 2 will bring to London. We have some flexibility about capacity carrying at Old Oak Common, and I do understand the engineering challenge of taking the route out of there to its end position, wherever that is in that regard, around Euston.

There are choices, but to be frank with you, I am not knowledgeable enough to know about the arguments on why Euston is absolutely as critical as the route that comes down from the north into Old Oak Common. I just know that we can accommodate the Crossrail station and the work that we have to do there in terms of Crossrail in the time scales currently envisaged.

Q227 Nic Dakin: You have experience of vehicles similar to HS2 Ltd. Does it look to you as though HS2 Ltd has the effectiveness, capability and capacity to do the job that it is being asked to do?

Terry Morgan: I think there is more that we can do. As you might expect, we are quite fixated on delivering our programme. Very shortly, some areas of our programme will start to demobilise, and that is the right time to ask whether we are transferring knowledge and people to

where those will be best used. Obviously, Thames tideway is coming along as well, but undoubtedly we will be making available more capacity to do some of the enabling work.

Nicola Shaw: On that point, both in the Department and at High Speed 2, there is willingness to acknowledge that skills need to change over time as you move between different phases, so picking up people that Terry needs to move on works very well. That is a general point about how useful it is to have infrastructure projects rolling after one another, because you can transfer the skills from one to the next.

Q228 Nic Dakin: Steven, what is your experience of engaging with HS2 Ltd?

Steven Hayter: We have engaged both formally and informally. We had one of the cost-efficiency programme members from HS2 on one of our committees giving direct and important information that was exchanged between ourselves and HS2. We have been satisfied with the level of engagement.

Q229 Mrs Spelman: You mentioned Thames tideway a couple of times. I want to return to the theme of whether we have potential constraints on the availability of engineers. You just mentioned demobilising on Crossrail. The tunnel underneath the Thames, at an estimated cost of £4 billion, is another huge infrastructure project in London, but the construction of High Speed 2 would take a team out of London. Are you satisfied that we have enough engineers in the pipeline? Do you think that the Government could do more to ensure that engineers are coming through?

Those who study engineering at university do not always go into engineering. That is a difficult degree—it takes four years and has high A-level requirements—so, in relation to the viability of the project, is there anything that we should bear in mind in terms of potential constraint there?

Terry Morgan: You will not be surprised to hear that we have spoken to Thames Water about Thames tideway. The resourcing model is a really good fit, provided Thames tideway gets committed at the time scales we are familiar with. As an engineer, I understand your comments about how many engineers we train and how many of them end up in the profession. Historically, the challenge for engineering was the financial services sector, but that is less attractive nowadays, and our ability to retain graduates in the engineering world has improved.

Should we do more? The answer is undoubtedly yes. Again, the attractiveness of projects of the sort we represent today creates a model for what people should aspire to achieve. That is why these infrastructure projects are so important. They enable people to have a degree of certainty about their career path. People feel it is not going to be through a hiatus post-Crossrail, and they do not wonder what they are going to be doing in two or three years' time. We have to have more continuity.

Steven Hayter: I would like to add to that. It is really important that the STEM—science, technology, engineering and mathematics—initiative in schools is continued and sponsored heavily by the employer organisations within engineering and construction. Certainly, my company is

doing that at the moment. It is really key to maintain children's and young adults' interest through the ages of 13, 14 and 15, when they start to become more interested in their careers. Especially women—we want to attract more women into engineering. What seems to be happening is that girls, as they go through the schooling process, are interested in science and engineering, but when they get to choosing what degree to take, they go away from engineering. We really need to change the image of the industry to attract more young people, and women in particular, into the profession.

Q230 Frank Dobson: Going back to the transfer of knowledge, I was an advocate of both High Speed 1 and Crossrail. When problems arose with designs, and with local people and local businesses, both organisations were exemplary in dealing with those problems and responding to consultations by actually listening and doing something. Can you possibly advise HS2 that the process of consultation requires a response from them which reflects what has been said to them by the people affected?

Nicola Shaw: Generally, that is a good thing when you are consulting on something. We have done a major piece of work with High Speed 2, particularly from the property and environmental team, which was at the heart of the consultation. It explained the process we went through, the things we learned from that. High Speed 2 has taken that on when thinking about how to design its team and consultation process. It has a long way to go. It is out now on the core pieces of the network we have been talking about, but it has been talking to us about what we did and the lessons we learned in doing it.

Our lessons continue. Some of the trees have not survived where we planted them. We have had to adapt and go back and talk to local people about what trees would work in that environment, and to ensure that they are happy with the evolution over time. It is not that you build it and forget about consulting with your neighbours; that continues over time.

Terry Morgan: I thank you for the comment about being exemplary—I can show you the scars from when we were not. We learned very quickly that you have to resource it effectively. If you do not, you shortcut the need to look after local interest. We have put a huge amount of effort into that. We have been meeting so many groups of people every night of the week, to explain not just the status of the project, but how we will impact on the local neighbourhood.

Sometimes we have had to do things that, from a project point of view, we could not have imagined we would need to do. We have had to be flexible and have the ability to move quickly when things start to develop into an argument, so we can say, "Why are we arguing about this? Let's find a solution." Yes, we can transfer a huge amount of knowledge about just how much effort has to be put into maintaining local support for a project that, by its nature, is going to be intrusive.

Nicola Shaw: Intrusive while it is being built. Thereafter, the goal is that it is not. So quite a lot of what we have been demonstrating to people coming to look at High Speed 1 is actually how well the railway line sits in its environment, and how many of the villages around and about do not even notice that there is a railway line next to them. Certainly, if you come through central London

in the tunnel, if you are above you do not hear the trains coming through. So it is not ongoing issues; it is during the construction process, making sure you minimise the harm.

Q231 Iain Stewart: I should like to return to the link between HS1 and HS2. Do you think sufficient research and modelling has been done to assess the likely demand of through trains from, say, Birmingham to Brussels, in the day, and also the potential for night-time freight movements between HS2 and HS1, to assess whether the North London line link will be sufficient in capacity or whether something else is required?

Nicola Shaw: May I talk bit generally about capacity issues along the whole route? We focus on infrastructure that we have in this country, but there are constraints on the continent, before you get here, on the railway network. There are constraints at Lille and in other places across the network. Working out how we interact with those and how I talk to my colleagues in European railways about development has been part of my role, and that will continue. It is not just us: it is actually all the way through the line. At the moment, the discussion has been, principally, on whether the capacity is there between High Speed 2 and High Speed 1, not whether the capacity is there all the way. We must make sure that, whatever we do, we are keeping in step across the whole of the route.

Secondly, is there enough work being done on the forecasts? I think there is a lot of work being done on the forecasts. Do not forget that these are difficult forecasts to do, because we are creating something new. Just in the way that, for the channel tunnel and High Speed 1, the forecasting was difficult, it remains difficult for High Speed 2. The good news is that we have learned things from the High Speed 1 forecasts and that learning has been taken on to High Speed 2. I think that we are seeing some more forecasts coming later this year, so we will know more about that from the High Speed 2 team.

In relation to freight, we have a few trains running at night on High Speed 1 at the moment and those use various ways to get on and off our network. We are connected to the classic network in a number of places, mostly through Ripple Lane, which is in the Ebbsfleet area. But we are only running a couple of freight trains a night, largely because the demand is lacking for high-speed services and because of the cost associated with that, for freight trains; also because of the complication, again, in the European railways of running freight. I am sure Lord Berkeley will tell you a lot more about that if you are interested to know.

We are working hard with the freight operators on what are realistic forecasts for the continued growth of rail freight. We have been talking to a number of them about what we might have to do to provide for better interchange capabilities around London. So if you have really express freight and you want to bring it into London, what would we do for that and what are the costs of the development? There is a lot of work going on in the freight area.

Q232 Iain Stewart: To clarify, at the moment your best guess is that the North London line link will be sufficient, but there is still further research work that is ongoing and not concluded.

Nicola Shaw: I think that is correct.

Q233 Iain Stewart: That may lead to a view that some other link between the two is required.

Nicola Shaw: At one level, whatever we do will not be right, because things will change over time. What I have learnt, in the way that we operate UK railways, is that we want everything: we want high-speed railways to do low-speed things as well. So what we do with High Speed 1 is operate domestic trains that run all the way along High Speed 1 and then go off on to the classic network and operate on different things. We are going to do exactly the same on High Speed 2.

That is completely different from the mode of operation of high-speed railways in the rest of the world, where they only run on the high-speed network. That is how people get punctuality and how they get high-frequency services. We ask our high-speed railways to do a lot more, so we are always at the cutting edge of these things, which is great, because it enables the people of the UK to use the system in the way that they want. It means that they do things differently in other places. Whatever we do, we will not get exactly the right answer, although we are looking hard at the question and trying to identify a pragmatic and good way forward.

Q234 Lilian Greenwood: I have a question for each of the witnesses. Mr Hayter, what assessment have you made of the various alternative packages to achieve improvements in capacity that have been put forward by critics of HS2?

Steven Hayter: We held a consultation process ourselves—we did an initial consultation internally within the institution on phase 1 of High Speed 2. We were interested in looking at the options where the respondents had suggested perhaps following existing railway lines or existing motorways. The problem there of course is that being a high-speed railway, High Speed 2, you are constrained by the alignment. You cannot go around sharp curves and keep the speed and capacity to the level that you need. In the end, we concluded that the route chosen by High Speed 2 is the right one, purely because of the constraints that following existing corridors would lead to.

Q235 Lilian Greenwood: I was really asking about the alternative ways of providing extra capacity based on upgrades to the existing rail network. Is that something you have looked at?

Steven Hayter: Yes, we have looked at that, too. We always come back to the lessons learned from the west coast main line upgrade and the disruption caused to local communities for a very long time. There were issues that meant the programme was extended. It cost a lot more than was expected. Looking at the corridor now, it is difficult to see that much beyond perhaps lengthening the trains by one or two more cars, lengthening the platforms slightly and improving the signalling. You are really talking about incremental improvements over the next few years, and we need a step change in capacity increase. Just tinkering with the existing railways will not achieve that.

Q236 Lilian Greenwood: Ms Shaw, I wonder whether you can address the question about why passenger numbers on HS1 are fewer than was originally projected. What role have higher and premium fares played in deflating passenger numbers?

Nicola Shaw: The original forecasts that were made in the '90s were very much related to the financing of the channel tunnel rail link. They came before low-cost airlines and were pretty much focused on the international services. The learning from that has been taken into the forecasting that has been done for High Speed 2, and was reset in 2007-08 when High Speed 1 opened for the full length to St Pancras. In 2009, the domestic services started and since then they have been growing 10% a year, which is ahead of where they were expected to grow, so premium fares are not putting people off. Indeed, we are seeing growth continuing.

One of the benefits for us of the Olympics was a much greater awareness of Ebbsfleet. Every day during the Olympics and the Paralympics, we saw more people using Ebbsfleet as a park-and-ride system to move into the Olympic park, and that is continuing now. Awareness of Ebbsfleet as an option in people's travel patterns and as a park-and-ride site from the M25 into London has been greatly enhanced.

Q237 Lilian Greenwood: Mr Morgan, there has been a lot of concern around the increase in projected costs for HS2. Perhaps some people assume that it is impossible to deliver infrastructure projects in anything like their initial cost envelope. Can you say anything about how successful Crossrail has been at staying within its initial £15.9 billion budget? From your experience, what lessons are there for HS2?

Terry Morgan: It would be helpful to remind you that three years ago, as we went through the hybrid legislation and started to get ready for deployment, there were a number of delays in the process. That delayed the physical work. We found ourselves in a situation of negative float, with a programme that was due to deliver in 2017. The cost to complete was in excess of £17 billion. That is an example of the importance of ensuring that key decisions are made at the right time, and shows that what might seem to be quite trivial decisions tend to have a much deeper consequence down the food chain than we realise.

We had the opportunity to readdress that situation. Basically, a lot of the funding that we forecasted we would need was around mitigating interface risk between conflicting interests on the programme. We had one opportunity to look forward and say what the best value for money solution was, and we revised the timing from 2017 to 2018. As a consequence, not only did we close down the £1 billion overspend that we were forecasting, but we offered up a further £1 billion of savings; so we moved our internal cost to complete estimates by £2 billion and created a cost envelope that was £1 billion less than we had previously been allowed.

Therefore the balance between risk and how much funding is needed is very material. Three years on, we are on time and forecast that we will deliver this programme within the funding envelope. Inside that envelope there are still funds allocated to unknown contingencies that we will need to ensure that we can cope with, rather than have a project that has to ask for more funding. For me that situation is a complete and utter disaster and prevents the right decisions being made. In the past, many such projects suffered because cuts were made to the requirements in terms of spending and the project manager did not quite know how to deliver the project for those revised costs. The experience was—surprise,

surprise—that the costs originally estimated were realised at the end of the day. You have to be brave enough to recognise that these budgets are, by their very nature, risky; but they are manageable, provided that you ensure you have sufficient funds to deal with risks that arise that could not have been imagined.

Q238 Mrs Spelman: This session is all about lessons learnt from previous projects. Can you share your thoughts about compensation? Other witnesses have indicated that there are still some protracted disputes about compensation for land taken for the construction of High Speed 1. With hindsight, might you have done things differently? Do you have a view about property bonds, and could we have your received wisdom on compensation?

Nicola Shaw: I am surprised that you say the disputes about High Speed 1 are ongoing. I have been with the business for two and a half years; in that time two, perhaps three, different people have got in touch, but there proved to be no substantial changes in position from things that have been said in the past, which have gone through the parliamentary process and cleared. I do not see the disputes you mention; in running High Speed 1 people are not coming to me all the time, saying, “I’ve got a problem with how the property was dealt with in the past”. If you would like me to check my records or talk about any other detail later I am happy to do so, because that surprises me.

Terry Morgan: At the end of the day, we are very mindful that we are dealing with public money. Obviously the process we follow must try to get the right balance between individuals’ aspirations, which are sometimes very high, and what we think is right and proper in terms of the best use of public money. I think it is very important to focus on being as responsive as you can. I have to say that sometimes the process can frustrate. Only 2% of the claims we have had were referred to the tribunal, which is the process that people can follow. However, there is no doubt that, by its very nature, trying to manage what is right for the individual and what best protects the public interest can sometimes frustrate people, because they expect an instant answer.

I would say that generally it is again part of the learning process. We now have a much better process to deal with people’s expectations about what is possible. We try to make sure that people understand exactly what they are going through with the compensation process. Part of that is to maximise as much as we can very early on, and to leave those areas that are subject to a degree of assessment to a process that actually determines that we have done this in a fair and equitable way. So I think it is under control, to be frank, but there will be examples.

Q239 Mrs Spelman: Do you have your property bonds?

Terry Morgan: I don’t, actually.

Q240 Graeme Morrice: Steven, in your written submission you said that the economic case for HS2 is strongest if it is part of a network connecting northern cities and Scotland. Why do you believe phase 2 is so important to the project’s overall success?

Steven Hayter: The analysis is quite clear that the railway should be developed as a network. The greater the network, where there is demand, then the better the cost-benefit of the investment. Because of that, we advocate that phase 1 and phase 2 should be taken forward together, not at the same time but with phase 2 directly following phase 1. This would be a more beneficial and efficient use of resource.

We talked earlier about the demobilisation and mobilisation of resources and the potential loss of skills. Well, if there is a gap of two or three years between phase 1 and phase 2, this is inevitably what happens. People get on with their lives, and they move abroad or they get new jobs. Those skills can be lost to the profession and to the project. That is the position we take. You mentioned Scotland. We see the high-speed railway as a network. We think that there is a strong case for looking forward to the future and extending it to Scotland, and making provision for extending further north.

The Chair: I am just going to interrupt the flow for a moment. It looks as if a vote is anticipated. If it comes at about 3.25 it might be more appropriate to end this question session then, because we will need to suspend for 15 minutes. Obviously, we do not know quite when the vote will be called, but I suggest that we handle the questions as concisely as possible.

Nicky Morgan: Mrs Brooke, may I propose that we might then extend the next witness session to reflect the additional 15 minutes that the Division will take? The Rail Freight Group would run until 4.15, and then the session after that would run until 5 o’clock.

The Chair: Yes, let us do that.

Ordered,

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

Line 48, leave out ‘4.00pm’ and insert ‘4.15pm’

Line 50, leave out ‘4.45pm’ and insert ‘5pm’—(*Nicky Morgan.*)

Examination of Witnesses

Steven Hayter, Terry Morgan and Nicola Shaw continued to give evidence.

Q241 Kris Hopkins (Keighley) (Con): Thank you, Mrs Brooke, and thank you to the panel for giving some time to come and speak to us. An initial observation would be that engineering and project management do sound exciting. I think we ought to harness this and sell it to some of our students.

Mr Morgan, earlier you mentioned the idea of ensuring that there is sufficient capacity in a budget to anticipate something that you have not even thought of yet. That sounds a bit more Mystic Meg than scientific. Is there a process? How do you come to that figure that you have built into the budget?

Terry Morgan: We have a very sophisticated risk register, as do all big programmes, to which we apply risk in value terms and probability of failure. We spend a lot of time not just accepting something as a risk, but mitigating that risk, as far as possible. We take a proportion

of those risks and allocate a probability number to that so that at the end of the day we have a register. We keep that and as a board we review it in detail every quarter. Executively, it is reviewed every month. We are continually trying to mitigate away risks that have been identified. That creates the opportunity to sit down and say, “What new risks are starting to materialise that we had not previously taken account of?” The risk register continues to change and it is important that you have an active risk register to ensure that you are on top of the risks as they start to materialise. As I said, a really important element of that, which the Olympics did very well, was to de-risk some of those items and find that the consequences of doing that are very much to the advantage of the programme.

Q242 Frank Dobson: My question is for Mr Hayter in particular. You referred to what is called the upgrade of the west coast main line. I take it that you agree that only £2 billion was spent on the upgrade and the other £7 billion was spent on maintenance, repairs and replacement right along the track to make up for the fact that nothing had been spent on it for about 60 years. In view of that and as 51m is only proposing major works at the Stafford bypass and Ledburn junction, do you think that it is reasonable to suggest that there would be such obstruction on the west coast main line if their proposals were carried out, particularly as Network Rail is proposing doing both major works anyway?

Steven Hayter: I cannot comment in detail on that, because I have not seen that proposal, but I would doubt that those two interventions would create the kind of capacity that we are looking at with the construction of High Speed 2. I cannot say any more than that.

The Chair: Are there any remaining questions, having rushed us along? No. I thank our witnesses for their participation. That brings us to the end of this panel, because there are no remaining questions. I suspend the sitting for 15 minutes for the anticipated vote.

3.26 pm

Sitting suspended for a Division in the House.

Examination of Witness

Tony Berkeley gave evidence.

3.40 pm

The Chair: The evidence session is now resumed. We will now hear oral evidence from Tony Berkeley on behalf of the Rail Freight Group. I understand that written evidence has been submitted, which will be considered in due course by the Committee; we can confirm that.

Q243 Lilian Greenwood: Could you set out the capacity challenges that are facing the rail freight industry, and do you believe that high-speed rail will release enough capacity to meet them?

Tony Berkeley: The capacity challenge for rail freight is that—as I suspect you have heard before—the west coast main line, in spite of its recent improvements, is pretty nearly full for passenger and freight. Freight volumes will probably grow about 40% in the next 10

years and it is mostly intermodal, which is containers on trains. Much of that growth will be on the main routes between centres of population or consumption, or ports. Of course, the main one is the west coast main line.

The problem with HS2 is that when it is built as far as beyond Tamworth, or somewhere there, there should be space on the existing line for more freight. That is welcome, provided they do not fill it up with lots of high-speed passenger trains for people from Milton Keynes, who have asked for a five-minute frequency service or something. However, I am sure that Mr Stewart will be reasonable about that.

Iain Stewart: Very reasonable.

Tony Berkeley: More seriously, the problem comes when you get to Nuneaton or Tamworth, because at the start you have got eight high-speed trains an hour coming up HS2; you have got some extra ones that will go on the classic line, we are told, which are passenger trains from places such as Blackpool and Chester, and that is three or four; you may have extra regional passenger trains; and you have the 40% growth in rail freight that I have just mentioned.

What I have said to Network Rail and to Ministers is that that needs to be timetabled now, because unless a proper timetable is produced before the Select Committee starts next year, the promoters—the Government—will not be able to demonstrate that they can run the trains on the line that they need to get the revenue to pay for the line without affecting the other operators, which include freight.

I have been going on about this for some time. Meetings that I have had in the last week or two indicate that we can do it and I met Network Rail this morning, who will do the study, and I think meetings will start in September, or possibly August, to come up with an agreed timetable between the industry, Network Rail and HS2, to demonstrate that it can work. If it cannot work, somebody has got to come up with some more capacity enhancements beyond the end of HS2.

Q244 Lilian Greenwood: What assessment have you made of the various alternative schemes that groups that are sceptical about HS2—51m and so on—have put forward? I am sure you are familiar with those groups. Do you think that they adequately account for the growth in freight traffic?

Tony Berkeley: I do not think the people who are objecting to HS2 have taken account of freight—they have hardly taken account of it at all. It has all been about passenger.

Regarding the 40% growth that I mentioned, we have had new forecasts in the industry for the past year. The Department for Transport has accepted them; Network Rail has accepted them. We have a little bit of debate going on about how the figures are interpreted, but they are basically accepted. I say to some of the groups that I meet, “Well, if you don’t carry the freight on the rail, it will go by road. Do you want that? Do you want it going through Great Missenden by road?” It is the same issue; the freight will want to travel.

There is a lot more we can do. We also want to get the timetable right on the normal part of the west coast main line and on the HS1-HS2 connection, which I am

sure you want to talk about. That is one of the biggest problems for freight, as well as for Mr Dobson, and maybe other people.

Q245 Lilian Greenwood: I think it makes sense to ask you whether you think the proposed connection between the two lines is sufficient.

Tony Berkeley: It will not work. I have heard previous evidence. Quite honestly, it will not work. That is before you talk about the damage it will do to the community, which Frank and I have been talking about for some time. The reason it will not work is that the latest design has two single-track connections between two congested networks. The first single-track connection is between HS1 and HS2, both of which we are told will be quite strongly congested. If you want to run trains between two congested networks, you need somewhere in the middle to park them in case, in layman's language, something goes wrong. If something goes wrong and you have parked a train on this connection, what will the train going the other way do if it cannot get through because it is only a single-track connection? That applies to HS1-HS2 for the high-speed trains and it equally applies to freight.

The connection at the moment between Camden Road and the west coast main line is a two-track connection and it is used for parking freight trains until they get a path on the main line. It will not work and we have told HS2 this. The previous scheme did not work. This one does not work. The difficulty of constructing what they are doing—I think it is a crazy scheme, actually. Lord Bradshaw and I have come up with an alternative scheme. It is only one of a number of options, but the key is to leave the North London line alone for freight and passengers. It is doing very well but it is full. The damage it will cause to the community there—I worked on the channel tunnel for 15 years and I respect people's right to live where they do. It just cannot work, so a new scheme has to be found. We have come up with one. It may not be the only one.

Q246 Lilian Greenwood: Do you think the connection between the two high-speed lines is necessary?

Tony Berkeley: I think a connection between the two is essential. I say that because the forecast for the international trains that you will have seen is not that great. It is two or three trains a day from beyond London. Most people I have talked to have said that this is to a large extent caused by the frontier control problems and worries. Because frontier control issues are likely to be in a hybrid Bill, I have started having a series of meetings with the Home Office and the Department for Transport's security people about how you can make it easier for people to travel from places like Birmingham and Manchester to Paris, Brussels or wherever and have the controls done on the train and mix domestic and international passengers. That is the only way you will make money. I believe that we can make progress and I believe in the next 10 years—it will take 10 years to get it open—that can be resolved.

It is not just a UK problem: it is a French and a German problem as well. But there is a bit of progress. There is also the Greengauge 21 forecast that you will have seen, which suggests that an east-west line, which could be the HS1-HS2 connection if it was built properly,

could justify between four and eight trains an hour in each direction from places like Southend or Kent to Milton Keynes or on the great western, depending on where people wanted to go, or the new airport, wherever that is going to be. There is a big demand there but it has to be built properly. I think the international ones will build up but it will take time.

Q247 Mrs Spelman: I am a west midlands manufacturing MP. It is noticeable that freight has had to come off the west coast main line and has to some extent gone on to the Chiltern line. A lot of it has had to go on to the roads. Does your 40% forecast of increased rail freight take account of the renaissance of the automotive industry in the west midlands?

At the moment, the vehicles have to come down by road to Southampton to the docks for export to China and India. Has the electrification of the railway between Nuneaton and Coventry made any difference at all to a freight pinchpoint? Is there anything more we can do when considering the Bill to ensure that the knock-on impact of rail freight is not overlooked, at a time when manufacturing is recovering?

Tony Berkeley: It is a very good question. I did say that most of the growth was in intermodal, but of course the automotive traffic is possibly a subset of it—possibly not. It is also growing very fast. There is a shortage of wagons at the moment. There is not much shortage of capacity.

You will know that the electric spine that the Government announced is an idea to make it electrified all the way, but until there is a good length of new electric lines that suit freight, it will be quite challenging to get the operators to buy more electric locos than they do at the moment. It is not a constraint at the moment; it is more about having the right wagons.

The manufacturers change the shape of the cars all the time—silly people. So you have to change the shape of the wagons, which is possible. I think it will grow. I would like to see more go through the channel tunnel as well, but they do not need to go down the high-speed line particularly. Frankly, they could go at night, we hope, but it is easier to have flexibility and send them during the day. I do not think that there is really a capacity constraint that will be affected by HS2. If they are coming south from the west midlands, that will be avoiding it, which will probably be a good thing.

Q248 Mrs Spelman: There have been attempts by the freight industry to move more on to rail for an off-peak access to Euston station, but I understand that that has gone on to the back burner. What are the implications of the proposed redevelopment of Euston station for that rail-freight gateway?

Tony Berkeley: No, it has not gone on the back burner. It is a really good idea to have city-centre deliveries in small trains, possibly with run cages going on to the train. In this case, it is local deliveries around Euston. I think they are coming from Daventry. They can go out at rush hour in the daytime as well.

What they are working out now are simple things such as, do you park the truck in parallel to the train you are unloading, or end on? They are just working out the details. I hope the scheme will go ahead and that it will be the start of many other ones. Yes, it uses the

upper deck at Euston, but I personally hope that that gets developed into something that will benefit the community, which it does not at the moment. I am sure that a small space can be found for it there if it is planned. It is a wonderful idea. I do not know what Mr Dobson thinks of it, but it is still very small.

Q249 Mrs Spelman: You are not worried that the proposed development of a high-speed train embarkation point will conflict with that?

Tony Berkeley: We will lobby very hard for that to be retained and in fact to grow. It is just as important as having embarkation points. I am still not persuaded that you need to have so many embarkation points for one train. If we did not have an end-on station and they were going straight through, we would probably not need them. It is a new idea. It is a bit Japanese to me, but I am not a passenger expert.

Q250 Nic Dakin: You described the current suggestion for a connection between HS1 and HS2 as a “crazy scheme”. You have put forward an alternative proposal. Can you just say a little bit more about your proposal and how that would address issues in a way that the current scheme does not?

Tony Berkeley: This has been done by Lord Bradshaw and me, and it is nothing to do with the Rail Freight Group. We started off by looking at the HS1 and HS2 connection and we thought that it was just crazy. We fiddled around and tried to work out alternatives.

One of the schemes that Network Rail has looked at had the railway going so steeply underneath the Roundhouse that you probably needed a rack and pinion to get up there, which is just crazy, so we thought, let us be creative and have a station under ground that joins Euston and King’s Cross St Pancras. We could have a proper connection between HS1 and HS2 and a better passenger connection at Euston, rather than walking along Euston road in the rain, which is horrible.

We came up with this idea, and then we refined it. We did not want to delay the Bill, so we refined it to take the tunnels a little north under Queen’s Park station. Phase 1, which we are talking about now, would be to have a connection up to the west coast main line. For the first few years, we will send all the HS2 trains into Euston station as it is. They will be single-deck trains. I cannot see the justification for spending an enormous amount of money developing double-decker trains just to go between Birmingham and London if single deckers will be perfectly all right for the first few years. That is phase 1.

When phase 1 is consulted on, and all the other work is done for the next bit, we will take the tunnels down under Regent’s park and across, between Euston and St Pancras, north of where Crossrail 2 is going to go, north of the two deep-foundation buildings, which you probably know about. It will be at the same level as Crossrail 2. We think it can go above the tube lines and below the ordinary railway lines, but we are still looking at that.

Then you have a station with probably two platforms in each direction and a pedestrian connection between the two main line stations. That is the station for the double-decker trains, which will go to Manchester, Leeds and Birmingham. They will not turn round there, because

it seems to take 20 to 30 minutes to turn a train round at a terminus. We are looking at different options for going on. Some of them will go to HS1, and go down to Ebbsfleet, Ashford or somewhere else.

For the trains that have to turn round, we are looking at two options. One is to build some stub tunnels, which are actually quite cheap, just beyond the station. You build half a mile of stub tunnel and you turn the train around there, so you do not take up valuable station time. Or you can go up and use the spare space on the east side of the east coast main line. If you go to King’s Cross North, you will see that there is a tunnel and track space, which is not used at the moment—it was in times past. You can park them there, and whenever they need to come back, they can come down.

We have had a lot of support for this. My only criterion—this is not just because Mr Dobson is here—is that I do not want to wreck Somers Town while this happens, so we have got to build an underground station. I think it can be done at reasonably shallow level, and we have got engineers looking at that at the moment. If it is at the same level as Crossrail, that is a good start. I do not think the costs will be very different, although we have not finished looking at it yet. It will also be able to take the extra trains that are forecast from the east to the west for the domestic services. That is a quick summary. I can send the Committee more papers if you want.

Q251 Nic Dakin: Thank you for that. Can I check a couple of other things? We heard from Camden on Tuesday, who argued that Old Oak Common should be used while time is taken to get Euston right. Is that something you would support? Secondly, what response have you had from High Speed 2 Ltd on your proposals?

Tony Berkeley: To answer your first question, we have had many discussions with Camden. Old Oak Common as a terminus is something that has been looked at for a long time. The problem with that is if you are going to turn eight trains round an hour, you need an awful lot of platforms.

My suggestion is to carry the tunnel on as far as Queen’s Park, which is another mile or two, then come up to the surface and use Euston station as it is. Most of the trains are substitutes for the trains that are going on the west coast main line at the moment. I think that is a slightly better for Camden. We have talked to them about it, and they said, “Well, one or the other.” But we are talking in the same language, really.

Whatever you do, I would certainly urge a delay to the London end beyond Queen’s Park so it can be studied in detail. Bill Bradshaw and I—it is just two of us—know a little about railways. We have got one person helping us, who does not get paid. This needs to be looked at properly. We are confident enough that it can be built. It looks operationally good, and worth studying in the future. Sorry, what was your second question?

Q252 Nic Dakin: How have you found HS2 Ltd?

Tony Berkeley: We have had several meetings with them. First, they said they liked it, because they thought about it 10 years ago—I suppose that is a good start. They then said they had looked at it, and the costs were much too high and it would take too long.

We are also talking to Transport for London about the costs they are looking at for Crossrail 2. I wonder whether some of the HS2 connect costs would not be—shall we say—on the higher side, because perhaps they do not want to do it. Perhaps that is unfair, but one gets this occasionally, in my experience. So we have more to do. I ask the Committee to hold fire on that and just let us finish the exercise. I think we will be more comfortable then.

Q253 Iain Stewart: I should like to go back to the alternative proposals that 51m have put forward. When I asked them, they did not have the information to hand, but subsequently they sent me it. The summary conclusion is that the Felixstowe to Nuneaton upgrade will be sufficient to meet west coast main line increased capacity. Is that your view?

Tony Berkeley: Well, I am sorry, but it is totally wrong. I say this because I have just been explaining to the Committee about what happens beyond Tamworth when phase 1 joins the main line. The new connection at Nuneaton from Felixstowe actually adds to the traffic there, rather than takes it away. So some of that traffic will either come from there or still continue to go round through London on the North London line.

Network Rail will need to look at alternative routes for the Felixstowe traffic, which could—if you are coming from Felixstowe—turn right before Leicester, up the midland main line, and then turn left at Trent junction towards Stoke-on-Trent, and get to Crewe that way. It is not perfect, but it is an alternative. The central argument remains: they have got to allow for this 40% capacity. That is one option for mitigating it. Whether it is enough—we would need to look at the timetable and everything, but it certainly is not an argument for not having HS2, I am afraid.

Q254 Iain Stewart: Have you looked at the likely demand for rail freight on the west coast main line, from the London gateway port development?

Tony Berkeley: Yes.

Q255 Iain Stewart: Will that traffic largely go up the west coast main line?

Tony Berkeley: Yes, it will, and that is one of the problems. Luckily, most of it will not go on the North London line; it will go on the Gospel Oak-Barking line, because there is a bridge over the great eastern, just east of Stratford, rather than—if you want to go on the North London line, you have to wiggle across the tracks at Stratford. But most of it will go up the west coast main line.

I believe they are talking about 40 trains a day from there—that will take time to build up, but we are talking long term now—and probably three quarters of it will go towards the north-west, because that is where its destination will be. The only caveat is that, for the first time in probably 20 years, there will be an excess of deep water port capacity for container ships, with this London Gateway being built, so the shipping lines will be playing one port off against the other, to get the best rates, and one does not know who is going to win and who is going to move where, but one has to plan for it.

The 40 trains a day—it may take 10 or 15 years to get there—is an estimate. It will go on the LTS all right; it is when it gets on the west coast main line that there might be problems.

Q256 Iain Stewart: I will not ask you about services to and from Milton Keynes.

Tony Berkeley: Are you really asking me or not?

Q257 Iain Stewart: I will not ask you.

Tony Berkeley: Mr Stewart, all I would say is, please leave room for freight. I know you have to look after your constituency first.

Q258 Graeme Morrice: Mr Berkeley, you are obviously aware that in the Bill there is mention of phase 1 and phase 2, but not an extension of phase 2 or, indeed, a phase 3. Would you support the extension of high-speed rail northwards, from Leeds and Manchester, into the central belt of Scotland?

Tony Berkeley: I support more capacity there and, for the same reason I support HS2 in its present form. Probably the easiest way of getting that is to build a high-speed line, at least in part because nobody has yet really found a way of building a new freight line and making it pay, because we are in competition with roads, so there is a big problem there. Your colleague, Kelvin Hopkins, has been doing this for years, sadly with not much success so far, but he is trying very hard.

I think we need extra tracks up there. Freight can perfectly well use the existing line. It will need electric haulage over Shap in particular, but that is easily arranged in the medium term. So from the point of view of freight, extra tracks, and therefore probably high speed over the whole thing or part of it, I would support.

Traffic to Scotland is one of the biggest growth areas for rail freight, with somewhere between five and 10 container trains a night going between Scotland and either the north-west or the midlands, where 10 years ago there was one. It is a big growth area, thanks to people such as Stobart's and Malcolm's. But they want to be on time and they do not want to be delayed by other trains.

Graeme Morrice: Or indeed by congestion on the motorways.

Tony Berkeley: That is absolutely right.

Q259 Martin Vickers: First, I want to ask a supplementary to Nic Dakin's question about the Berkeley-Bradshaw scheme. Tony, you said that there was not a lot of difference in cost. Are you talking about tens of millions, hundreds of millions, billions or another figure?

Tony Berkeley: I am not trying to gloss over it but, at the moment, I do not know whether it will be more or less, because we have not done the sums. When one party tells us that, for example, a step-plate junction—the new junction into HS1—will cost A and someone else says it will cost 3A, I begin to wonder what people's agenda is. That is why we have engineers working on it, who are independent of people's interests, shall we say, and will come up with an answer. I have not got the answer yet, but it is not significantly different, shall we say.

Q260 Martin Vickers: Going back to the 40% increase in freight, the High Speed 2 line is basically a north-south line that will release capacity on the classic network on the north-south route, but how much of the 40% is north-south? A lot of it is, of course, access to ports, which you have mentioned. As you know, the biggest port in terms of rail freight is Immingham in my constituency. It is not all going to benefit from the project.

Tony Berkeley: You are right. Immingham is the biggest port and you have a lot of coal there at the moment. I do not know how much extra coal will be transported in the future, but perhaps you and your colleagues who are looking after the Energy Bill do. I think that the amount will probably drop. The balance to that, which your port is also looking at, is biomass, but there is still uncertainty about the price and there is competition between Immingham and Milford Haven, which wants to be the biomass centre of the universe. There is very deep water there—you know all that. They want 42 trains a day from Milford Haven to wherever the power stations are.

The central thing is that there are three different markets. Intermodal, which is what I was talking about, tends to go up the routes between north, south, east and west—and Bristol a little bit—and from ports. Your port does not have much intermodal—it has a little bit I think. Then there is the market for bulks—coal, biomass and steel, and things like that, which go where they have always gone but are probably not going to increase very much, and then there are aggregates for the building industry, which go on particular routes between quarries and centres of population and which, again, will probably stay much the same as they are.

So I do not think that the stuff from your port will be particularly affected up or down, and it will not really be affected much by HS2. It is the faster container trains—the long-distance ones in particular—that will have the challenge, and they also have the slightly greater demand for reliability. Does that answer your question?

Martin Vickers: Yes. That is fine. Thank you.

Q261 Mrs Spelman: I would like to come back to what we will have to call the Berkeley-Bradshaw model, if that is all right by you. In evidence from Camden council, it was made very clear that the existing Euston station cut a swathe through a community. The costs of a new terminus for High Speed 2 at Euston were miscalculated, but the original sum was £1.2 billion, with, subsequently, another £400 million on top for a scaled-down version. Logically, I found that difficult to understand. The miscalculation is understandable, however, given the complexity.

In your scheme, would your proposal mean that the new station would be sufficiently far underground that it would be possible to achieve what the previous witnesses from Camden said that they would like to see, which a mixed development above the station in the same way that you see such happen at New Street? In terms of the Bill and its financial implications, if you could get a mixed development above the station, would that not offset the cost of tunnelling beneath it?

Tony Berkeley: I think it probably would. I do not know how HS2 Ltd came up with its costs. I just got the impression that some of the costs were forgotten about at some stage. There is a cost to development and a benefit to development. I look upon Euston station as ripe for development to make it a much nicer place for both passengers and residents. I think it is horrible. We basically would not touch the station at all except for where passengers go in and out. One has to work out the passenger flows and we can all be creative about how to get the passengers from one bit of the station to the other bits of it. I will try to resist the temptation to be creative now, but you have to find ways of doing it, which may include putting a nice deck above the station or putting a deck further north if that is what the community wanted. I get the impression that HS2 Ltd is not interested in that any more, and I do not have the impression that Network Rail is particularly interested either, but we should perhaps ask.

The opportunity is there, however. Whether it could pay for the station underneath I do not know, but my vision for the railway bit of Euston is to leave it as it is. If you have to extend the platforms, I would extend them at the London end and get rid of that taxi rank, which I think is pretty horrible. You could do a lot there without wrecking it, but as to whether there is a financial cost or benefit to the development, I do not know.

The Chair: If Members have no further questions for this witness, I thank you very much.

Examination of Witnesses

Simon Burns MP, Alison Munro and David Prout gave evidence.

4.13 pm

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

Mr Burns: I am Simon Burns, Minister of State for Transport.

Alison Munro: Alison Munro, chief executive of HS2 Ltd.

David Prout: David Prout, director general for High Speed 2 at the Department for Transport.

The Chair: May I assume that Lilian Greenwood would like to start the questions?

Lilian Greenwood: Thank you, Mrs Brooke.

The Chair: I will just say that Karen Lumley is going to be second. [*Laughter.*]

Q262 Lilian Greenwood: How important are the relative benefits of increased capacity, regional growth and faster journeys in the overall case for high-speed rail?

Mr Burns: I think they are absolutely crucial. Of course, by its very name, high-speed rail means faster trains, but even more important than that is the whole issue of capacity on our railways. As you have heard from a number of witnesses over the last three sessions, there is a great concern that capacity, particularly on the spine of the west coast main line, will be full by the

mid 2020s. It is crucial that we release capacity so that we can get more passengers, because of the anticipated further increases in passenger numbers year on year, and get more freight off our congested roads and on to the rail network. High Speed 2 has a key role to play in releasing that capacity to ensure that we meet that increased demand.

Alison Munro: I would certainly endorse that. The driving factor when we first started to look at the need for High Speed 2 was the capacity argument on the west coast main line, as the Minister has just described. The Department has done a lot of work to look at alternatives or other ways to increase capacity, but the work done by Network Rail showed that the only real way to provide that capacity for the longer term was with a new line.

If you are going to provide a new line, we looked at whether you would provide a conventional line or a high-speed line. You get a lot of additional benefits by providing a high-speed line, because that provides connectivity, certainly north of Birmingham. Places such as Leeds and Birmingham are not well connected by the rail system at the moment—it is about a two-hour journey between Leeds and Birmingham—so high-speed rail offers the opportunity not only to provide a real boost in capacity, but greatly to increase connectivity between those northern cities.

That obviously has a direct benefit in reducing transport costs, but to come on to your third point about regeneration, it also provides a real foundation for those cities to build their business links, build their labour markets and provide that catalyst for regeneration, particularly around stations, but also spreading out into the wider region.

Q263 Lilian Greenwood: Minister, can you say what fare structure you envisage for High Speed 2?

Mr Burns: No, I cannot at the moment, because it is far too premature to start to lay down exact fare structures and plans. That will come with the work that will be done over the next 13 years with regard to the first phase, and over the next 20 years with regard to the second phase. In many ways, work that might be done now would be redundant because of the time scale of building the railway, but I assure members of the Committee that very detailed and precise work will be done in due course to meet the operational functioning of the railway in 2026 and 2032-33.

Q264 Lilian Greenwood: HS2 Ltd has published proposed timetable changes to mainline services. Those changes—primarily reductions—seem to rest on assumptions about the proportion of passengers who will transfer from existing rail services to high-speed rail. How can that proportion be confidently predicted when you do not yet know HS2's fares and ticketing structures?

Alison Munro: For our current work, we have essentially assumed that the fares on High Speed 2 are the same as the fares on the existing railway. With that assumption, we can predict how many people would transfer from the existing railway on to High Speed 2 services. That releases capacity on the west coast. For the purposes of the business case, and I stress that this is for the business case only, we have made some assumptions about how you could use that released capacity—an important part

of the benefits of High Speed 2 is the benefit of released capacity—but the actual service pattern will not be determined for some years.

Q265 Lilian Greenwood: But how robust can those assumptions be when, as we have just heard from the Minister, there is no decision on what the fares and ticketing structures might be?

Alison Munro: At the moment, as I say—this is a policy that the Government have agreed we can assume—the assumption is that there would not be any difference in fares. There will obviously be opportunities for different fare structures, but we are assuming that the average level of fares would be the same. On that basis, we can predict how many people would use High Speed 2. It is a big investment, as we recognise. I am sure that the Government of the day would want to make sure that that investment is well used. It is therefore a reasonable assumption at the moment, because we want people to use High Speed 2 to release capacity on the existing network.

Mr Burns: If it helps you, Lilian, my answer was based on the existing system. I thought that you were asking for the precise detail of exact structures and pricing for the railway, which is why I said that it was far too early, which it is. In other words, I thought that you were asking about how much it would cost and what sort of different structures of fares there might be, whereas in 13 or 20 years' time, there may be different approaches from those at present. Alison is absolutely right that the core will be based on the same structures that exist now, but we cannot necessarily anticipate what the situation will be when the trains start running. *[Interruption.]*

The Chair: Can I ask you to check that your mobile phones are turned off, please? I think perhaps it is the panel, as this is the first time that we have had the problem all afternoon.

Q266 Karen Lumley: We have heard an awful lot over the last two days about the lack of compensation for local businesses along the route. Can you clarify what compensation will be paid?

Mr Burns: Yes. I am very pleased that you have asked this important question, because there is obvious concern about it, and there has also been some confusion. If you will allow me, I will give you some detail. Businesses in the safeguarded area most certainly will be compensated. It will be set out as per the national compensation code, and it will be primarily for small and medium-sized businesses up to a rateable value of £34,800. Both freehold and leasehold owners of commercial property can claim the open market value of property that is compulsorily purchased for the rail line. Similarly, and equally importantly for many businesses within the safeguard area, business occupiers of some properties can claim a number of additional items as disturbance compensation, for example reasonable costs and expense involved in relocating, temporary loss of profits, permanent loss of profits and goodwill and other trade or business losses caused by displacement or alternative premises.

That leaves the question of what will happen to those businesses not in the safeguard area. For those that might be affected by the construction of HS2, although

they will not be covered by the compensation code that I described for the safeguard area, we are currently considering a mix of policy options so that additional support might be able to be provided to help those businesses. I hope that you find that helpful and reassuring.

Q267 Karen Lumley: How soon will those proposals come forward?

Mr Burns: The ones for those not living in the safeguard area?

Karen Lumley: The additional ones, yes.

Mr Burns: There will be ongoing consideration. We will obviously want to come to conclusions as soon as possible. We want to get it right as well, so we will continue the considerations and reach decisions as soon as we can.

Q268 Nic Dakin: HS2's expenditure has already increased from £773 million to £900 million in this Parliament. What confidence can we have that it will operate within that budget, and what checks and balances should be in place to ensure that that takes place?

Alison Munro: In terms of our current operations, we have to date lived within our budgets. We have a world-class project management company—CH2M HILL, which was responsible for delivering the Olympics on time and within budget—managing our contracts at the moment, and it is using sophisticated systems for that contract management. We have the best system of controls in place to manage our budgets going forward. In the longer term—

Q269 Nic Dakin: So, very different from the systems of control that you had in place when we got the movement in cost.

Alison Munro: There is a difference between our current budgets—the money that we are spending at the moment, which is what I am talking about in terms of what we are currently managing—and the cost estimates for the whole scheme through to completion. As the Secretary of State announced a couple of weeks ago, the cost estimate for that has gone up. There has also been an increase in the allowance for contingency, but as far as the company is concerned, we have been set a much more stringent target. Within the allocated budget for phase 1, which is £21.4 billion, HS2 Ltd as a company has been set a target of £17.16 billion, with a very clear message that we are to deliver within that. We are absolutely committed to doing that, so the controls and incentives will be in place for us to manage within the overall envelope, the aim being not to use the additional contingency.

Q270 Nic Dakin: The other evidence that has come through fairly strongly, particularly from the Minister, is that for this to have the transformational effect which everybody wants there would need to be additional money spent within the regions on interconnectivity. Where will that money come from?

David Prout: That money will come from various different sources. You are absolutely right that the successful economic impact of HS2 is dependent on regional connectivity. As part of the Department's overall budget,

we not only have £16 billion for HS2 between now and 2021, but overall we have a budget of £73 billion for infrastructure projects. Some of that will be spent on rail, some of it will be spent on roads and some of it will be spent on other forms of transport. That money can be used to link in with HS2. In addition to that, within the HS2 budget there is an allowance for certain connectivity schemes, and further to that our local partners are using instruments such as the community infrastructure levy in order to raise funding for infrastructure investment.

Mr Burns: The important thing to remember is that although this is a significant investment in something that the country badly needs, significant sums of money are also being invested in the existing rail network as part of an ongoing programme, which is not affected by the funding for High Speed 2. As you will be familiar with, in control period 5, which is next year through to 2019, Network Rail will spend just under £37.5 billion on the railways, of which £9.4 billion is the high-level output specification programme announced by Justine Greening a year ago. So work continues on the existing network, on improvements and enhancements, as well as on this programme.

Q271 Nic Dakin: Can you be confident that the hybrid Bill will be passed by May 2015?

Mr Burns: Well, it is a challenging deadline, as you are aware, Nic. Private Bills and hybrid Bills, are a time-consuming process within the House of Commons and the House of Lords. We have to go through certain procedures, and we will obviously have to wait to see how many petitions there are for the hybrid Committee stage. We obviously want it to go through as quickly as possible, but we cannot short-circuit that process, and that process will proceed. I hope that we can meet that deadline, but if we cannot we would be able to carry it forward to the next Parliament. Hopefully it would then complete its parliamentary processes fairly shortly into the next Parliament in 2015. At the moment it is difficult to say, because part of the processes are out of our hands.

Q272 Iain Stewart: Over the last two days we have heard from various witnesses some specific concerns about the detail of the route, for example, the link to High Speed 1 by the North London line and the potential remodelling of Euston. To what extent are these alternative options still on the table, and is the extra contingency fund that has been announced there to cover these potential changes in design?

Alison Munro: Today is actually the final day of a consultation on various design changes, which includes the couple that you mentioned. We have included in that a revised proposal for the High Speed 1-High Speed 2 link, and also the new Euston proposal. The costs that I mentioned are based on those proposals. Because that is a consultation, obviously the outcome has not been determined yet. Those responses will now be considered, and then Ministers will take a decision in the light of the responses to the consultation.

Q273 Iain Stewart: There has been a lot of confusion about this additional sum of money, the contingency fund, which is quite a sizeable chunk of money. But is that not a standard level for major infrastructure projects of this size?

Alison Munro: The cost estimate we had last year was produced for the purpose of looking at the business case for High Speed 2. For that it is fairly standard practice to look at what is called a P50. It is the most likely level of cost. That was for the cost estimate we had at the time. The costs that have now been announced are P95s; those give a 95% degree of confidence that we can live within. That is a high degree of confidence, so a significant amount of that cost increase reflects not a real cost increase, but a more prudent approach that ensures that the indicative budget can accommodate possible outcomes. That gives certainty to the industry and the supply chain that the funding will be there for the project to be able to proceed.

David Prout: From the point of view of the Government finances, we have to ensure that adequate contingency is provided for. The fact that it is there certainly does not mean that we intend to use it, and as the Secretary of State made clear on Second Reading, the target set for phase 1 of HS2 is £3 billion less than the allowance we have available.

Q274 Graeme Morrice: Minister, in my questioning of witnesses over the last few days you will have noticed that I raised the issue of Scotland. We are, however, both aware that there is no mention in the Bill of extending high-speed rail beyond Leeds and Manchester. I suspect that in your reply you may make reference to “including but not limited to”, which makes it a possibility, but that is not quite the same as saying that it will definitely happen. I would therefore be grateful for your comments on that.

Mr Burns: I will be consistent, Graeme, in what I have said throughout—usually through questions to witnesses, but now, as a witness, I will give you an answer.

Graeme Morrice: I am most grateful, Minister.

Mr Burns: Thank you. Clause 1(2) of the Bill lists all the areas with regard to expenditure for high-speed rail, and it names eight areas. The reason why those are named specifically is because that is where the railway line will be going under phase 1 and phase 2.

To answer your specific question about Scotland, we see the high-speed line as a spine up the country. In the future, at some point, if there is a business case and a need, there could be spurs off that. In that context, I am talking within England. There may be a spur that goes all the way into Liverpool, or one down to south Wales or the south-west. It all depends on what happens in years to come. At the moment, we are concerned about building the spine that is covered by the Bill specifically. Phase 1 will be covered by the hybrid Bill later this year and phase 2 will be covered by a hybrid Bill in three or four years' time.

The Secretary of State said publicly at the beginning of October in Birmingham that we want to look now at the case for extending phase 2 from Leeds and Manchester up to Scotland—in the Leeds case, possibly up to Newcastle and, on the Manchester side, up to Glasgow and across to Edinburgh. Evidence given in some of our earlier sessions, particularly from Transport Scotland, shows that work is beginning on looking at the feasibility and need for that. If that works out, I am sure that there may well be a decision to extend, but it is premature at the moment to say that will definitely happen, because

the work needs to be done on the business case and the need. It would certainly not be wise for me to give a categorical commitment at the moment, because it would be premature while the work is being done.

David Prout: The Secretary of State's letter to HS2 Ltd includes a remit to look at options for serving Scotland and the north-east. That work is being undertaken by HS2 Ltd and by officials in my Department.

We are in discussion with officials in Scotland, and HS2 will deliver its advice on the issue to the Secretary of State in due course. Work is being undertaken, but as the Minister says, our detailed proposals at this stage are limited to phase 1 and phase 2.

Mr Burns: But what is important about the Bill is that if a decision is taken at some future point to extend high-speed rail to Scotland or to anywhere else in England and Wales, because of those two critical words “at least” in clause 1(2)(a), the Bill will apply equally to those projects if and when they go ahead. No future Secretary of State in 10, 20, 30 or 40 years need come back to the House of Commons or Parliament to seek those powers, because they will be contained in the Bill through those two crucial words.

Q275 Martin Vickers: I have a couple of questions. First, to Ms Munro, I think it is probably a fair summary of the evidence that we have heard to date that those organisations and individuals in favour of the scheme are very satisfied with their relationship with HS2, whereas those who are opposed to the scheme are very unhappy with their relationship in terms of communication and gaining information and so on. Is that a fair summary? Can you assure us that in future you will fully engage with opponents?

Alison Munro: It is a fair summary in terms of describing the views that you have heard. I do not think that it is surprising that where people oppose the scheme, engagement and communication is very challenging. That said, we have engaged far more and had far more consultation on this project than any other project at this stage. Since 2011, we have had 79 consultation events and we have held well over 100 community forums. We have had 400-plus bilateral discussions. Most of those have been with the people along the route. We have engaged fully. We are always seeking to learn from our engagement and to improve as we go along. Those relationships take time to develop, but I believe that we are seeing an improvement.

We recently completed our consultation on the draft environmental statement, and we have had some positive feedback. That has given us an opportunity to get more information out to local people—that is what they want—but it has also given them the opportunity to talk to our experts, to understand more fully and for us to hear what their concerns are. If you look at the work that we have done, it demonstrates that we are listening to what people have said and we have managed to incorporate quite a few changes that reflect local concerns. As you say, it is a more difficult thing to achieve with the people who oppose the route.

Q276 Martin Vickers: A question for the Minister, if I may. We have heard a lot of concern about Euston and the links between HS1, HS2 and the North London line and so on. Have you heard anything in the evidence so far to give you second thoughts on any of those issues?

Mr Burns: I have certainly listened to the dialogue on the link between HS1 and HS2, and I am glad that it has been established that there is a link, because at one point there was a thought from some that there was no link. I have to say that I think the suggestion from one organisation, which was that you could walk from Euston to St Pancras, was pie in the sky, frankly. There will be a link and there has been criticism of the proposed link. We have been consulting on it and the consultation finished today. We will reflect on that.

David Prout: With the link, it is important to think about what we are trying to achieve. The objective set for HS2 Ltd is to provide a link in a cost-effective way that provides a service of three trains per hour in each direction. Some of the evidence presented says that what is proposed is crazy, but if three trains per hour in each direction is your objective—that exceeds the predicted traffic—the HS1-HS2 link meets that prescription.

Q277 Frank Dobson: How much is the current estimate of the cost of the link, and is it included in the £17 billion for HS2?

Mr Burns: The answer to your second question is yes. In answer to your first question, I can kill two birds with one stone, because I am replying today to a parliamentary written question from you on this.

Frank Dobson: I am all ears.

Mr Burns: May I put it in context, because it also came up in evidence where people were confused about how a slimmed-down version that was meant to be more cost-effective actually was going to cost £400 million?

Q278 Frank Dobson: Sorry, I am talking about the link at the moment, not Euston.

Mr Burns: Oh, sorry.

David Prout: The link is just over £600 million.

Q279 Frank Dobson: And it is still £600 million?

David Prout: Just over £600 million.

Q280 Frank Dobson: Can I go on to what I think the Minister was answering? It is that the original estimate for a very large scheme at Euston was £1.2 billion. In the light of a revised estimate of what that scheme would cost, it was decided to have a much smaller scheme, which is going to cost £1.6 billion. What was the revised estimate of the cost of the large scheme that caused it to be abandoned?

Mr Burns: Just over £2 billion, as you will find out later today.

Q281 Frank Dobson: So it turned out that Arup's estimate ended up being half what it should have been. Is Arup being paid for its original estimate?

Alison Munro: The estimate was based on a number of different assumptions, which reflected the level of design at the time. Once the Government had decided to go ahead with HS2, we were able to commission more consultancy, more detailed work, someone to take

surveys and to have more detailed discussions with Network Rail about how the station would operate. As a result of that more thorough examination of the proposals, we discovered that the scope had originally been underestimated. Also, keeping the station open during construction was going to prove more challenging. We had to phase the construction of the works to allow the existing station to operate. Otherwise, it would have led to a significant extension of the construction period, adding two years to the construction period, and adding to time adds to costs as well. There were a variety of factors that led to the cost increasing.

However, the current proposal for Euston, which you referred to, delivers all of the transport benefits that the original scheme did. It also provides opportunities for over-site development, regeneration, additional housing and so on. I would not like the Committee to have the impression that it is a very slimmed-down scheme. It delivers all the transport requirements of the previous scheme, but it allows us to achieve the opening date and it will deliver less disruption during construction, which is good for passengers and for the local community.

Q282 Frank Dobson: May I ask about one final factor? What are the estimated costs of the changes to the TfL tube system that will be required to cope with the additional number of passengers coming into Euston?

David Prout: The initial estimates are £175 million. It is important to emphasise that although the scheme is different from the previous scheme, as Alison says, it achieves all the objectives that we set for HS2 Ltd. There will be 11 new platforms at Euston; there will be a unified concourse, bringing the classic lines together with the new high-speed lines; there will be extensive links to the underground network; and there will be a new ticket hall at Euston. It is expensive, but it is an extremely extensive piece of work.

Q283 Mrs Spelman: May I come back to the business compensation? The information from the Minister is helpful but I would like to seek a little clarification on what he has just said.

Am I right in thinking that there has been no compensation available to business until the safeguarded area was declared—that businesses were not eligible for the hardship scheme? If that is correct, there have been three years when businesses have not been able to obtain any compensation. Therefore, would temporary loss of profits be retrospective to the moment when these businesses were blighted by the announcement in March 2010?

Also, if there is a dispute regarding the level of compensation for a business, where could the business appeal? How could we ensure fairness in settling any dispute about the business compensation that might well be debated, especially when it comes to temporary loss of earnings? What happens if a farm straddles the 120-metre safeguarded zone—fields are often considerably longer than 120 metres—and it was rendered unviable by part of the land being compulsorily purchased? Would only the land purchased be compensated, or would the farmer be compensated for the consequential unviability of his business?

David Prout: I am not sure that I can answer all those questions, but there are several key principles. The first question, are businesses eligible for the exceptional hardship scheme? They are not eligible for the exceptional hardship scheme.

Alison Munro: Only very small businesses that are below the threshold—it is very low. Under the exceptional hardship scheme, there is a low threshold that small businesses might be eligible for.

David Prout: As far as safeguarding is concerned, small businesses within the safeguarded area, as the Minister said, with a rateable value below roughly £35,000—very small, yes—can serve a blight notice on the Government once the safeguarding has been laid. They can do that on phase 1 now, and they can require us to purchase their businesses now, if they want.

When businesses are purchased, there are well established rules as to the compensation they are eligible for, including loss of business; if it is a total extinguishment, they will be paid the value of the business. Larger businesses are not eligible to serve a blight notice under safeguarded rules. What happens with them is that either they are compulsorily purchased later on or, more normally, an agreement is reached with the Government to purchase the property before getting to the stage of compulsory purchase. When the price is agreed, the kind of issues that you were raising are taken into account, according to a long-established set of rules and procedures, which are well understood by the property profession. As for the precise answers to the questions you asked, I cannot be definitive on each of them today.

Q284 Kris Hopkins: Minister, the comments made about businesses earlier on will be welcomed by many businesses out there. I was wondering how you were disseminating that message. How are you communicating with those businesses?

Mr Burns: About how they will be eligible for compensation in the safeguarded area?

Kris Hopkins: Yes.

Mr Burns: Given that for phase 1 the safeguarded area has now been announced, we would expect to ensure through HS2 Ltd, publicity up and down phase 1, local media, business groups, etc., that the information is available, so that people are able to seek and get the help to which they are entitled. Obviously, HS2 Ltd has a key role to play as part of that ongoing dialogue with the route.

David Prout: We are writing individually to the property owners in the safeguarded area. There are 510 homes in the phase 1 safeguarded area and 340 businesses.

Q285 Kris Hopkins: On my second question, we have heard that Coventry city council had a rethink about its engagement—the lack of support, actually, for the process. In west Yorkshire, there are two authorities that have indicated their lack of enthusiasm, and I was wondering what opportunities for engagement there are for those councils and for chambers of commerce in particular, because Yorkshire chamber of commerce has also said that it has concerns. You can give some reassurance, you can listen to them and possibly get to a Coventry moment with those two authorities.

Mr Burns: I will let Alison explain in a minute, but we are anxious to engage with anyone or any organisation along the whole of both the preferred routes. As you know, Kris, once we have a preferred route, community forums and other forms of engagement can happen at several stages. In addition to that, we are anxious that anyone who believes their home may be adversely affected, or who has concerns about the way HS2 will affect their local community, should be in dialogue and contact with HS2 Ltd.

I drove north from the M25 along most of the phase 1 route last autumn, and I was shown where fine tuning and improvements have been made to the proposed phase 1 route. I was impressed that HS2 Ltd entered into dialogue with organisations such as the Royal Society for the Protection of Birds, the Woodland Trust, the Campaign to Protect Rural England and also with local communities. Where HS2 Ltd could, it was prepared to make changes and improvements to minimise the environmental, noise or visual impacts. HS2 is not a situation where a proposal has been made and those who supported and worked on preparing the proposal took the blinkered view, “This is what is going to happen. We are right, and anyone who has any alternatives or who wants any fine tuning or improvements is wrong and is criticising us and our judgment.” It was a much more productive relationship in which HS2 Ltd was prepared to see differences.

The same has happened with businesses. For example, on phase 2, which is at a much earlier stage, tremendous efforts have been made to listen to the concerns of local businesses up near Meadowhall and in the east midlands. The whole process of phase 2 is at a very early stage, which encourages me to believe that HS2 Ltd is prepared to listen. My advice to people who have concerns or serious worries about their community or property has always been that they should engage in dialogue with HS2 Ltd to see whether there is a way around the problem or a way to minimise the problem.

David Prout: The experience in Coventry shows the strength that can be gained by local authorities coming together with local enterprise partnerships. Solihull council, working with the LEP, has made proposals for the development of the area around the Birmingham station. Arup is the master planner for that proposal. Our estimate for jobs around that station is, I think, 9,800. The Solihull proposals are for 100,000 new jobs, and Coventry city council, working with its neighbours, realises that this is a fantastic employment opportunity for the people of Coventry. If you plan ahead well and get the connectivity, you can do brilliantly well. That is what Solihull, Coventry and Birmingham are doing by coming together. We would like to see the same kind of work in Leeds and Sheffield.

The Chair: Order. Provided that the panel is willing to stay, I will extend the sitting by a final 15 minutes under Standing Order No. 88.

Q286 Graeme Morrice: Earlier today, we heard evidence from the Scottish Government executive agency, Transport Scotland. The witness indicated that Transport Scotland is content that there is no mention of Scotland in the Bill. Upon further questioning from me, the witness suggested that that is also the case for the Scottish Government, who are content that there is no mention

of Edinburgh and Glasgow in the Bill. Minister, can you confirm that you have not been approached by the Scottish Government—Ministers or civil servants—to ask you to include Scotland in the Bill?

Mr Burns: The answer, to the best of my knowledge, is, no, they have not contacted us. There is a very good reason why they have not contacted us, and that is because they understand clause 1(2)(a) and the words “at least”. The Bill is about what is going to happen for phase 1 and phase 2 of HS2, but it also makes sure that it can be used at a later stage, if there are to be additions to phase 1 and phase 2 of HS2, by using the words “at least”. The only places that have been named in the clause are those where the railway line and the railway will go on phases 1 and 2, so Scotland would not appear in the Bill at this stage. Do you understand that?

Nic Dakin: Yes.

Q287 Graeme Morrice: Thank you, Minister. I hear the words and they compute. Whether I agree with the position is another matter, but that is a debate for next week.

Mr Burns: Okay, but I do not understand what the big deal is. We are dealing with a Bill in the first phase about building high-speed rail—phases 1 and 2—from London to Leeds and Manchester.

Graeme Morrice: Well, the big deal is—

The Chair: The Minister stated his position, so rather than have a debate, we will take a further question from the panel rather than the witnesses.

Q288 Graeme Morrice: Thank you, Chair; I look forward to the debate next week.

Mr Burns: So do I.

Q289 Graeme Morrice: Can I ask Mr Prout to confirm what the Minister said in terms of any civil servant from the Scottish Government having approached the Department for Transport on the issue I just raised with the Minister?

David Prout: Like the Minister, I am not aware of any approach to us from a Scottish civil servant asking for Scotland to be introduced into the Bill.

Q290 Nic Dakin: Alison, Crossrail committed to linking the number of apprentices to spending. What is HS2 Ltd's policy on apprenticeships?

Alison Munro: We will certainly follow on from Crossrail in that tradition. In fact, we already have four apprentices in HS2 Ltd. We certainly want to draw on the best experience of projects such as Crossrail. We regard HS2 as a fantastic opportunity for apprentices and the industry as a whole. We want to ensure that the opportunities that it offers are maximised, so we will certainly be talking to Crossrail and drawing on that experience. We are developing a skills and jobs strategy to ensure that we maximise the benefits and opportunities that come with the project.

Q291 Frank Dobson: I have just two points. One is that it is true that HS2 Ltd has met representatives of the small businesses in Drummond street in my constituency. They are faced with a giant wall blocking their trade

with Euston station, which supplies between 40% and 70% of their customers. They got every assistance, short of actual help.

Alison Munro: We have talked to people in the local community. It is very challenging in the Euston area. We fully understand the impacts that the construction will have in the Euston area. Talking to local people has certainly improved our understanding of that. We are trying to respond, but we are still developing the precise plans for how the construction will work. We want to continue that discussion with those local businesses, so that we can try to manage the construction in a way that will minimise the impact on them.

Q292 Frank Dobson: Is there any way of ending the blight, which has already prevailed for three years and may be there for another three years before any work actually starts, let alone during the construction period? Are they just to be left?

David Prout: Business continues in Drummond street. There's no reason why business should not continue as it has done over the past years, up until the point of construction. At that point, the nature of the area will change. That happens with all construction projects. When Middlesex hospital closed down, the businesses around there were affected by the closure. This is what happens with major developments. Their business will develop. We hope that businesses in Drummond street will benefit from the construction workers on the HS2 site.

Q293 Frank Dobson: Is Mr Prout actually saying that the businesses in Drummond street, faced with this fence, will actually be better off than they were before the fence was put there?

David Prout: No, I am not saying that. What I am saying is that all major construction projects, be they Crossrail, or HS2, or a hospital rebuilding or any other major construction project, have an impact on the local area. The ways of dealing with those are well established in property law. We shall do what we can in terms of the way we carry out the building processes to minimise the impact on the businesses. What I would hope is that Drummond street will benefit from the construction workers on the HS2 site, but we recognise that they will be impacted.

Frank Dobson: Good God!

The Chair: We have got one more questioner. Is the panel prepared to stay one or two more minutes so that all the questions are exhausted?

Q294 Lilian Greenwood: I do not think it would be unfair to say that the high-speed rail project has suffered a period of bad publicity. It is poorly understood by the general public, and has certainly been the subject of critical reports by the National Audit Office and the Major Projects Authority. This is a question for the Minister and for HS2 Ltd. Are you doing enough to make the case for HS2?

Mr Burns: I think that, in the early days, too much emphasis was placed simply on this being a project that would make it quicker to go from A to B, wherever that

was within the proposed routes. We should have concentrated more on the critical issue of capacity, because of the problems that we discussed earlier of running out of it on the west coast main line. We should have concentrated more on connectivity and linking eight of the 10 largest cities in England, and the benefits that will bring.

We should have also concentrated more on the regeneration that will flow from it, particularly round the new stations, whether it be at Birmingham, Toton, Sheffield or Manchester. We should concentrate more on showing areas the job creation that will flow: job creation during the actual physical building of the railway but also regeneration as a result of businesses around stations, depots and so on; the skills people will learn through working on the project and the apprenticeships created, which was also raised in an earlier question. That is the challenge.

There is criticism from some people. From some people, I fully understand the criticism, because if they are near the line of route, they will be concerned, and obviously their MPs will, quite rightly, be representing their concerns in the best way possible through Parliament and elsewhere. One sees criticisms in some newspapers and from some public figures, which slightly surprises me—I suppose Lord Mandelson comes to mind in that respect—but we must not take the short-term view. This is in the national interest. We have got to explain and get the message across, and also put the cost of the project in context.

We are talking about a project that will be paid for over the 20 years of its construction. It represents 0.15% of GDP, but we will get many benefits from improved connectivity, improved journeys, more capacity, job creation and regeneration—particularly, but not exclusively, the further north you get. Contrary to what some people say, it is not bringing all its benefits to London: 70% of the job creation benefits will be for areas outside London. If one listened to Sir Richard Leese and some of the chambers of commerce and the LEPs that have given evidence, they are excited: they can see the benefits for their communities. That is what is important, and that is the message; we have to work harder to explain that so that people can understand.

If we have any doubts about that, we have an example to look at, which is High Speed 1 from the channel to London. I was elected to this House in 1987, when High Speed 1 was at more or less the same place in the scheme of things. I remember that the first debate I ever listened to, a few days after coming here, was an Adjournment debate in which Kent MPs were raising

the issue of High Speed 1 and how it would turn the garden of England into the garbage can of England. That has not happened. When you go to Kent now, you can see the benefits around Ashford; around Ebbsfleet, you can see the benefits that are already there and will develop further in the next few years. House prices have not collapsed along the route, and Kent county council, which spearheaded the campaign against High Speed 1 along with Members of Parliament, is now so committed to the project that it has offered to talk to communities and to local authorities along the route of High Speed 2, to explain that their fears have not been realised in Kent.

The greatest irony, for me, is that there was one town in Kent that was successful in not having a station on its doorstep when it was meant to. That was Maidstone. The campaign not to have a station was successful and the station was put at Ebbsfleet. However, because Maidstone can now see how it is losing out, as a community, on the benefits of High Speed 1, it is begging for a station. That is the message that we have to get across.

I understand people being frightened of the uncertain, but if you are open-minded enough to look at it, it is not that uncertain, because you can look at Kent.

Q295 Lilian Greenwood: May I ask a quick follow-up question, before HS2 Limited answers the same question? You said, Minister—and were very honest in saying—that we should have done more on a number of issues. Who do you hold responsible for the failure to do those things adequately?

Mr Burns: I am afraid, Lilian, we were going along quite nicely till then and I am not going to fall into that trap. I think we have all been at fault in that respect. There is no point in seeking to apportion blame. We were all at fault. I do not think we fully understood that people would not understand the benefits of the project and why it is in the national interest. Those people who are against it, for a variety of laudable reasons, managed to make the running.

The Chair: I feel that we should bring our proceedings to an end. I thank the last witnesses for their evidence and for agreeing to that slight extension.

5.9 pm

Proceedings interrupted (Programme Order, 9 July and this day, and Standing Order No. 83C(11)).

Adjourned till Tuesday 16 July at five minutes to Nine o'clock.

**Written evidence to be reported to the
House**

HSR 12 Institution of Civil Engineers

HSR 10 Campaign to Protect Rural England

HSR 11 John Withington

