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GENERAL COMMITTEES

Public Bill Committee

HIGH SPEED RAIL (PREPARATION) BILL

Sixth Sitting

Tuesday 16 July 2013

(Afternoon)

CONTENTS

CLAUSE 1 agreed to.

Adjourned till Thursday 18 July at half-past Eleven o'clock.

Written evidence reported to the House.

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The Committee consisted of the following Members:

Chairs: ANNETTE BROOKE, † JIM SHERIDAN

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

Public Bill Committee

Tuesday 16 July 2013

(Afternoon)

[JIM SHERIDAN *in the Chair*]

High Speed Rail (Preparation) Bill

Clause 1

PREPARATORY EXPENDITURE

Amendment proposed (this day): 23, in clause 1, page 1, line 8, leave out ‘the East Midlands’ and insert ‘the Nottingham/Derby corridor’.—(*Lilian Greenwood.*)

2 pm

Question again proposed. That the amendment be made.

The Chair: I remind the Committee that with this we are discussing the following:

Amendment 5, in clause 1, page 1, line 10, after ‘Leeds’ leave out ‘and’.

Amendment 6, in clause 1, page 1, line 11, after ‘Manchester’, insert ‘and one or more towns or cities in Scotland’.

Amendment 24, in clause 1, page 1, line 12, at end insert—

‘(c) provides new services to destinations including, but not limited to, Glasgow and Edinburgh.’.

Graeme Morrice (Livingston) (Lab): I am delighted to resume the debate from this morning, Mr Sheridan. I rise in support of amendment 24, tabled by my hon. Friend the Member for Nottingham South. If accepted, the amendment would make it explicit in the Bill that high-speed rail should be extended north from Manchester and Leeds to Scotland, including, but not limited to, Edinburgh and Glasgow.

Ever since HS2 was mooted, I have argued that bringing high-speed rail to both Edinburgh and Glasgow is vital for Scotland’s economy. It is a UK-wide project—the Bill applies to Scotland as it does to England and Wales—that has my full support. For all sorts of reasons, as I will explain in due course, it is imperative that the network includes Scotland, because faster journeys will bring the constituent parts of our island closer together.

As we heard last week in the four evidence sessions from our many witnesses, those who were in support of HS2 accepted the case for high-speed rail to be extended north of the border, and some stated specifically that it should be included in the Bill. I am fully aware that the Rail Minister does not accept that and cites that the Bill, as it currently stands, does not exclude HS2 being extended to other areas. However, my simple retort to that is: not excluding something does not actually mean it will happen. That is why I would like to see an explicit

reference to Scotland in the Bill to make sure it does happen, and we will therefore press the amendment to a vote.

As an aside, Mr Sheridan, although the Minister and I had a slight tiff last Thursday afternoon when he was being questioned by me during the evidence session—to be frank, I felt he was being a tad tetchy in his responses—he has certainly gone up in my estimation since I discovered the other day that he is the second cousin of my boyhood hero, the iconic David Bowie. [*Interruption.*] It was in the *Daily Mail* yesterday, so it must be true. I am convinced that even the thin white duke, driving “like a demon from station to station”, no doubt on high-speed rail, would dearly love to see those rail halts including, but not limited to, Edinburgh and Glasgow.

There is a compelling case for bringing high-speed rail to Scotland, and my ambition is to make that a reality at the earliest opportunity. The amendment for new services to destinations, including Edinburgh and Glasgow, by high-speed rail is a welcome development towards that goal and the exciting opportunities it would bring. High-speed rail is one of Scotland’s long-term economic priorities. Leading Scottish businesses have demonstrated strong support for the reduced journey times, increased productivity and potential to travel by rail rather than air, which only a network that includes central Scotland can offer.

I should like to focus on the additional services that can be provided through additional capacity. Glasgow and Edinburgh can be linked by a high-speed line as a significant step towards the inclusion of central Scotland in a UK network. Slashing journey times between Scotland’s two largest cities will enable them to compete more effectively for investment. We need to maximise this opportunity for growth and regeneration in the cities, as well as integrating the line into the wider rail network to ensure that all Scotland benefits.

The announcement of plans to extend the high-speed rail network north of Birmingham is, of course, welcome news, but it is right that all parts of the country, including Scotland, should benefit from such a significant expansion of our transport infrastructure. As it stands, the plan takes high-speed rail only halfway from London to Scotland, and there is a real necessity to extend the network further north, to Edinburgh and Glasgow.

Better services would provide about £3 billion in benefits to the Scottish economy, because businesses in the cities could operate more efficiently, increasing their productivity while accessing new markets and labour pools. Firms throughout the UK would be able to look to Scotland for business opportunities that distance and congestion previously made less attractive. Tourism on both sides of the border would be boosted as the UK was opened up to faster, more convenient travel.

Lilian Greenwood (Nottingham South) (Lab): I wonder whether my hon. Friend will address the importance for Scotland of a potential modal shift from air to rail. As part of High Speed 1, a high-speed line was developed between London and Paris. That probably captured about 70% of the previous short-haul air traffic, obviously leading to a significant reduction in carbon emissions as well. Does my hon. Friend think the same potential exists for high-speed rail to capture the market for travel by air between Glasgow and Edinburgh and London?

Graeme Morrice: Yes. I am grateful to my hon. Friend for that important intervention. I certainly concur that we would see a shift in the modal split from air transport to rail transport. It is currently quicker to fly from Edinburgh or Glasgow to London than it is to take the train. If I use the train to travel door to door from my constituency to my office in Parliament, I go from my local station via Edinburgh Waverley to King's Cross, and then I tube it to Westminster, which takes something like six and a quarter hours. If I was to fly, the time would be reduced to about three and a half hours. If high-speed rail is introduced into Scotland, therefore, there will obviously be a dramatic reduction in rail travel times. Most people would welcome that and would see the advantages and benefits.

Let me return to my comments. Scotland's strong engineering base might also benefit from the employment opportunities that the planning and construction of High Speed 2 will provide. Research has shown that there is a strong business case for investment in cross-border Anglo-Scottish high-speed rail. We also know that connecting Scotland and northern England through HS2 would, as I said, secure substantial benefits by providing passengers with a realistic alternative to travelling by air.

Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): Is my hon. Friend sure that the contractual obligation in the Bill allows for local contracts to be placed? Is he sure that a significant proportion of the jobs that will be created through HS2 will be British jobs?

Graeme Morrice: I am grateful to my hon. Friend for that intervention. I cannot directly answer that point; perhaps the Minister may take it up in due course. As this is a UK project, we would all be sympathetic—

The Chair: Order. May I say that contracts are outwith the remit of this Bill.

Graeme Morrice: Thank you for your intervention, Chair. I will crack on with my contribution.

Both the UK and Scottish Governments need to work to deliver this vision as part of a north-south connectivity strategy. Importantly for Scotland, bringing Edinburgh and Glasgow closer to London, as well as to the cities of the midlands and the north of England, would undoubtedly boost growth across all its major conurbations. It would also open up the opportunity for through trains to run from Scotland to Paris and Brussels.

The argument is reinforced by reports that estimate that the regional economic benefits of high-speed rail for central Scotland would be about £20 billion over a 60-year period, which compares with £5.4 billion for the west midlands. Studies reiterate that the most cost-effective option for a rail route between London and Scotland is a new high-speed route that connects London, Birmingham, Manchester, Liverpool, Glasgow and Edinburgh. Such a network would be expected to deliver up to £50 billion of business benefits alone. That would be felt greatly in Scotland and the north of England, as well as in the midlands and, indeed, the south. We need extra capacity on north-south routes sooner rather than later and all northern cities must be able to link into those routes. It is apparent that that might not be fully realised.

I understand that the HS2 technical director has described the construction of the UK's high-speed rail network as the work of generations. It will be many years before England and Scotland are connected in this way.

Public opinion demands that the high-speed network be extended north of the border. Concerns have also been expressed about the lack of information about funding, costs, routes and the location of terminal stations.

To sum up, the Scottish end of the UK's high-speed network should be built as soon as possible so that we can have the immediate benefit of a high-speed line between Edinburgh and Glasgow. I call on the Minister to provide reassurance about links to Scotland and to commit to extending high-speed rail to Scotland by providing for new services to destinations including, but not limited to, Glasgow and Edinburgh. Not only would high-speed rail boost the Scottish economy and support thousands of jobs in Scotland and throughout the UK; it would give us a once-in-a-generation opportunity to reshape the economic geography of the whole country.

Therefore, clause 1 of the Bill should be amended by inserting the words after subsection (2) (b):

“(c) provides new services to destinations including, but not limited to, Glasgow and Edinburgh.”

The Minister of State, Department for Transport (Mr Simon Burns): We have had an interesting debate on this issue—although I will say, in the nicest possible way, that we have made fairly heavy weather of it. The matter is very simple. I listened very carefully to the hon. Gentleman and I say to him what I have said before. On the question of high-speed rail to Scotland, my right hon. Friend the Secretary of State said in October last year that he would have discussions with the Scottish Government and would work with them to establish a feasibility study to evaluate the merits of the case, with the possibility of a decision on where we move forward if that is justified. I am as anxious as he is to improve connectivity, increase capacity and enhance journey times to a considerable number of places in Scotland, Wales and England, but that is for the future. Listening to the hon. Gentleman, I felt that he did not fully understand the purpose of the Bill. I shall remind him of it very tactfully.

2.15 pm

The purpose of the Bill is to authorise the Government to be able to spend money on the preparation for a high-speed railway transport network. The Bill is designed to be on the statute book for many years to come, so that if and when other routes are added to the spine of HS2, an Act of Parliament will enable the then Secretary of State to spend money on the preparation of those extra projects. Its purpose is definitely not to itemise parts of the United Kingdom that the Committee believes should have High Speed 2 now. The Bill is relevant in the context of High Speed 2, phases 1 and 2, because those are the only decisions that the Government have taken about the next stage of High Speed 2. If it were decided that it should go to Scotland at a future date, the words “at least” would cover it, and the then Secretary of State could use the Bill to spend public money on the preparation of that part of the scheme.

Lilian Greenwood: During the Minister's comments, a light somehow came on in my head about what he thought our amendment would do. It is important that it would follow subsection (2)(b) and become paragraph (c). It is not seeking to add the construction of high-speed lines directly connecting Glasgow and Edinburgh. The network will be developed through phases 1 and 2 at least, and it is recognised, under paragraph (b), that the network

"connects with existing railway transport network",

and the purpose of amendment 24, as opposed to amendment 6, is to provide

"new services to destinations including, but not limited to, Glasgow and Edinburgh",

thus utilising the high-speed lines that are designed to be achieved through phases 1 and 2, plus the classic-compatible services. The amendment would provide those services and the guarantee that Scotland would benefit from the early stages of the development of the network, rather than extending the network into a future phase, which I would understand the Minister's concerns about.

The Chair: Order. Before I call the Minister, I want to say that it would be helpful if interventions were interventions and not speeches.

Mr Burns: Thank you, Mr Sheridan. I had chosen my words carefully. The hon. Lady has just reiterated the case that she has made during the debate. However, I was not responding to what she said, but dealing with what was said by the hon. Member for Livingston. I was trying to help him by clarifying the position and explaining the purpose of the Bill.

I shall now deal with amendments 23 and 24. My understanding of the debate so far is that amendments 5 and 6 will not be pressed, so I shall not waste the Committee's time by discussing them. Amendment 23 would place a commitment in the Bill to construct HS2 through the Nottingham-Derby corridor, as the hon. Lady explained.

As the hon. Lady knows, clause 1(2)(a) mentions "the East Midlands". A number of Opposition Members referred to that and seemed perplexed that Toton was not there. As I explained earlier, the reason we put the east midlands rather than Toton was because many people living outside the east midlands area would not be familiar with Toton. We thought it would be clearer to put the more generic term. As the hon. Lady recognised, the preferred site for the station is Toton, because it is equidistant between Derby and Nottingham and geographically ideal to enable the route to go further north.

However, as the Department has not yet consulted on this topic and the 2012 Command Paper referred more generally to a station being in the east midlands, this would represent a deviation from the initial plans that have been established for HS2. It would require the Government to undertake significant work to accommodate the additional locations.

Given the time scales of the consultation period for the current proposals for HS2, a likely effect of accepting the amendment would be to cause a substantial delay to the progress of the project while the potential impact on the additional locations is considered. It would also

be imprudent to include them in the Bill because, as drafted, clause 1 is sufficient to embrace all the key areas of phases 1 and 2 of HS2. As the hon. Members for Nottingham South and for Livingston and others will know, there are a number of other stations and areas on the preferred routes 1 and 2 that are mentioned in the announcement of the third route that are again not in the Bill, and we have used the generic term.

Let me give an example: London. Of course, there is London Euston and there is Old Oak Common. If one looks further up the route there will be other areas where we have used a more generic term embracing a geographical area. That is sufficient. In order that the legislation can be long-lasting and effective for other stages, it includes the words "at least", so that if a decision were taken by a Government in future to continue the high-speed route further north to Newcastle on the east side, to Glasgow and across to Edinburgh on the west side, or to Cardiff in south Wales or parts of the south-west of England, or up to Liverpool, they would be able to do that. The Government would be able to spend the money on the preparation and the work to prepare those schemes without having to seek further legislation.

Mrs Caroline Spelman (Meriden) (Con): Just to illustrate that point, the Bill cites Birmingham. As the Member for Meriden, which is in the Solihull metropolitan borough, I think it is important to place it on the record that the first interchange station will be in Solihull.

Mr Burns: I am grateful to my right hon. Friend. I am sure that all members of the Committee will appreciate that explanation and clarification. It helps my argument, for which I am particularly grateful.

Lilian Greenwood *rose—*

Mr Burns: I will give way to the hon. Lady but then I am going to make progress and not give way. I do not think that we have to spend that much time on what to us is a very simple point. I am finding it difficult that such a dog's breakfast is being made of it.

Lilian Greenwood: I thank the Minister for giving way. I simply wanted to ask him to explain a little further the comment he made a moment ago that somehow the amendment would open up new costs in the development and preparation for the line. Clearly, the whole of the east midlands is a much greater area than the connecting corridor between Derby and Nottingham. I am not at all clear how restricting the location of the station to the Derby-Nottingham corridor, which after all encompasses all the shortlisted candidates for the east midlands stop, would result in further costs. Will the Minister spell that out a little more clearly?

Mr Burns: I can assure the hon. Lady that I have been listening carefully to what I have been saying. I was unaware that I ever mentioned extra costs. I was saying that the Secretary of State has announced his preferred route for phase 2, for which Toton has been mentioned as the station in the east midlands corridor between Derby and Nottingham. That will obviously be subject to public consultation in due course.

Amendment 24 seeks to refine the hon. Lady's proposals further, committing the Government to continue high-speed rail lines at least to Glasgow and Edinburgh. At this stage, that would effectively force the Government to commit to constructing railway lines taking high-speed rail to Scotland at a point in the future. If we failed to do so, the Secretary of State would not be permitted to exercise the powers to incur expenditure in relation to the lines connecting the other locations specified. The amendment would not create any obligation to continue a high-speed rail line to any specific location in Scotland. It would also not impose any timetable for an extension to Scotland, any more so than it does for the locations already specified.

I warmly welcome the enthusiasm and commitment of the hon. Lady, the hon. Member for Livingston and others to high-speed rail, and their commitment to seeing it in Scotland. We share a joint vision for greater capacity, greater connectivity and shorter journey times. However, I do not think that the proposals are the right way to hamstring a Secretary of State, particularly as work is commencing to study the business case, viability and need for an extension. In that respect, I think that, with the possible exception of the right hon. Member for Holborn and St Pancras, we are all on the same side. The argument is about how to achieve it.

I come back to my original point. The Bill is about authorising, at this stage in the proceedings, the expenditure of money on preparing for the building of High Speed 2—initially phase 1, and phase 2 in due course—subject to Parliament passing the hybrid Bill for phase 1 and, thereafter, the hybrid Bill for phase 2. It is not a vehicle to insert into the legislation other parts of the United Kingdom where Members may wish to see high-speed rail delivered. That is done via other processes. We are considering the narrow point of simply allowing the Secretary of State the expenditure on the preparations and giving a catch-all in clause 1 so that when or if we move forward to other phases, the legislation will also allow the Secretary of State at the time to spend money on preparations by having the two critical words, “at least.”

For those reasons, I would urge the Committee, if amendments 23 and 24 are pressed to a vote, to reject them.

Lilian Greenwood: I am no clearer as to why the Minister is rejecting our amendments, despite having listened carefully to the points he made. I accept that the Bill does not specify every single stop referred to in the network involved in the construction of railway lines, and that it says “at least.” However, greater certainty would be provided for the east midlands if he specified the area under consideration for the interchange station.

2.30 pm

Mr Burns: Does the hon. Lady not accept that that commitment has by and large been given by my right hon. Friend the Secretary of State when he published his preferred route for phase 2, which specifies his preference for Toton as the east midlands station? That choice will be subject to consultation, but it is on the preferred route and where he believes the station should be.

Lilian Greenwood: I welcome the publication by the Secretary of State of the phase 2 route, which will go out for consultation—that is the case for all the areas

mentioned in the Bill, whether Birmingham, Sheffield, Leeds or Manchester. My point is simply that, having selected Toton as the preferred stop, which is on the Nottingham-Derby corridor, but recognising that another shortlisted option for the east midlands was Derby city centre station, it seems sensible to provide the clarification narrowing down from the east midlands to the Derby-Nottingham corridor.

To be honest, that would assist the neighbouring transport authorities, which must consider well in advance of the finalisation or construction of the route what they need to do to ensure the provision of connectivity. In determining the appropriateness of Toton or Derby for the stop—Nottingham city centre was another option—connections to classic rail were considered important, as were connections to light rail. I still wish to press amendment 23 to a vote, because it gives certainty and makes clear the importance of connecting to classic rail and of providing opportunities for classic-compatibles, as set out in HS2 Ltd's options for phase 2 of the high-speed rail network, which clearly states why the shortlisted candidates in the east midlands were selected.

I simply do not accept the Minister's assertion that the Secretary of State would be hamstrung by the inclusion of the amendment in the Bill. It does not seek to extend the high-speed network beyond what is already set out in subsection (2)(a); it simply recognises, by creating the network set out in subsection (2)(a) and the connections with the existing railway transport network as set out in subsection (2)(b), the opportunity to provide services further north to Glasgow and Edinburgh. As my hon. Friend the Member for North West Durham said, that would provide an assurance not only to the people of Glasgow, Edinburgh and the rest of Scotland, but to places along the way that will benefit from services going north beyond the initial high-speed network, using the ability to run classic-compatible services. It would strengthen the arguments and support for high-speed rail by giving the people beyond the network that will be created in phases 1 and 2 some assurance that they, too, will be able to benefit from and enjoy those services.

Mr Alan Reid (Argyll and Bute) (LD): But that will happen anyway, because after phase 1 is completed, the train will run on the high-speed line as far as Birmingham, then continue all the way up to Glasgow. It will happen anyway, without the need for the amendment.

Lilian Greenwood: With respect to the hon. Gentleman, it does not necessarily have to happen anyway if the rail line is provided. If a high-speed rail line is provided from London to Birmingham, the only necessity, assuming that it is done at all, would be that services are run on that rail line. The Minister intends those services to run beyond Birmingham in the first phase and beyond Manchester in the second phase, so I do not understand why there is a problem including in the Bill the fact that there will be new services running beyond the limits of the high-speed line to Glasgow and Edinburgh.

Frank Dobson (Holborn and St Pancras) (Lab): Has my hon. Friend received any indication from the Minister about spending on trains to enable some of them to go to Glasgow in phase 1 and whether the £7 billion, the

[*Frank Dobson*]

present estimate for trains, will supply enough to provide that as well as the service between London and Birmingham?

Lilian Greenwood: I thank my right hon. Friend for his intervention. My assumption from the literature on the project is that it will provide for both high-speed trains and classic-compatible high-speed trains, and therefore allow services to run beyond the network envisaged in phases 1 and 2. However, the question about the number of rolling stock units and the range of services to be provided is for the Minister, not me.

Mr Burns: The answer is yes.

Lilian Greenwood: The Minister says from a sedentary position that there will be sufficient rolling stock to provide those services.

Mr Reid: Surely the hon. Lady's last statement shows why the amendment is unnecessary. Trains will run all the way from London to Glasgow on the high-speed stretch to Birmingham, then on the normal line to Glasgow. That will happen anyway.

Lilian Greenwood: I hear what the hon. Gentleman says, but the Bill does not give that guarantee, although that would be an option as high-speed trains would be compatible with the classic network. It does not guarantee that services will be provided to Glasgow and Edinburgh. They may be provided only to Liverpool, Lancaster and York. The amendment simply seeks to set out the fact that those trains will be able to run the whole length of the country to Glasgow and Edinburgh using the high-speed network with classic-compatible trains. For that reason, I will press amendments 23 and 24 to a vote.

The Chair: We will come to amendment 24 after amendment 7. We will vote now on amendment 23.

Question put, that the amendment be made:

The Committee divided: Ayes 6, Noes 8.

Division No. 2]

AYES

Dakin, Nic	Greenwood, Lilian
Dobson, rh Frank	Mahmood, Mr Khalid
Glass, Pat	Morrice, Graeme (<i>Livingston</i>)

NOES

Burns, rh Mr Simon	Reid, Mr Alan
Hopkins, Kris	Spelman, rh Mrs Caroline
Lumley, Karen	Stewart, Iain
Morgan, Nicky	Sturdy, Julian

Question accordingly negatived.

Frank Dobson: I beg to move amendment 7, in clause 1, page 1, line 12, after 'railway', insert ', road and airport'.

Welcome to our warm room, Mr Sheridan.

The Chair: You can always take your jacket off.

Frank Dobson: The theme of amendment 7 is what is now called connectivity. That was called an integrated transport system at one time, but that seems to have gone out of fashion. It really means that the various bits of the transport system work if they are joined up in one way or another.

The amendment would make the Bill state that the network should connect with the existing railway, road and airport transport network. We clearly need that legal obligation because it is clear that, as presently proposed, High Speed 2 has a lot of dodgy connections—if these were electrical connections in someone's house, the owner would get in a qualified electrician to sort them out.

As a simple example, the connection in Birmingham will not be at Birmingham New Street, which has the most extensive connections with the rest of the railway system in the west midlands, but at a small station to be known as Curzon Street. We are told that there may be proposals to unify Curzon Street, Snow Hill and Moor Street stations, but the estimates for that amalgamation are not included in those for High Speed 2, so if that great new station were created additional spending would be required.

Mrs Spelman: I am sure that the right hon. Gentleman is aware of Birmingham city council's plans for regenerating the east side of Birmingham and that the council safeguarded the Curzon Street site with a view to expanding the successful regeneration of the Bull Ring towards the stations he outlined. Would he not agree that the council, which has considerable assets, would be in a position to contribute towards the cost of such a regeneration project, for which the lifeline is the new station at Curzon Street?

Frank Dobson: I must say that I thought the idea of High Speed 2 was to promote economic development and bring in some money to help create that. It now appears that spending by Birmingham city council is required for the high-speed rail network to work properly in that area. Similarly, in Sheffield it is proposed not to connect with the main railway station, but with the Meadowhall shopping centre. That is immensely valuable but, as witnesses said last week, that does not meet the requirements of a properly integrated and connected system.

In my constituency—or affecting it—there is recognition that Euston as the main London terminus is inadequate, which is why High Speed 2 proposed what is in effect a parkway station at Old Oak Common, aka Wormwood scrubs, which will be on Crossrail. I quote no greater authority than the permanent secretary at the Department for Transport who, when pressed on the possibility of overcrowding at Euston, said:

"A very important interchange between High Speed 2 and Crossrail is planned at Old Oak Common, which will provide a better way of dispersing passengers travelling into central London for many end-destinations than coming into Euston."

Whether the proposed connections in London are in any way adequate to the task is extremely doubtful.

The other possibility—and this is why there is a reference in my amendment to airports—is that, as many have argued, we need a direct HS2 connection to Heathrow, but that is not currently part of the plan. We

do not know what the Davies committee on the future of airports will say because apparently it will not report until after the next general election.

2.45 pm

There are connections to Manchester airport and connections to Birmingham airport, but they are not as good as the ones at Manchester, as far as I can make out. There is also a proposed connection to HS1, the channel tunnel link. Anyone who claims that this was all the product of a great, integrated, connected strategy has a bit of explaining to do, because the connection between HS2 and HS1 was not there in the first proposal. Indeed, I sometimes regret ringing up the Department to say, "You can't say it's part of a network if it isn't connected to HS1." Lo and behold, they dug out another used envelope and drew up this new proposal for a connection to HS1.

It is an amateurish afterthought. The estimated cost has recently risen from a mere £500 million to £600 million. It is not the tunnel that is the problem. The proposal for a tunnel from Old Oak Common to Primrose Hill has come done in price in the latest estimate to £290 million, but the remainder of the line is above ground, wreaking havoc on Camden Town. The justification that has been put forward is that there is less construction risk in using the North London line than in continuing the tunnel. I do not know when they wrote "construction risk" and I do not know when that was related to the date on which they discovered that the cost of this construction-risk-free proposal to use the North London line had gone up from £170 million to £300 million.

In the Department's own words this was the result of "a more detailed understanding of the route, for example structures on the route".

Apparently, they did not realise how wide this train was going to be. I think some sixth formers from one of the local schools could probably have measured that up better than the highly paid consultants who were doing the work. Now we have a situation where the lower construction risk proposition is running at about £140 million per kilometre, whereas the tunnel costs only £34 million per kilometre, or figures in that area. I am not quite sure how long the tunnel is and I am not quite sure from any of the literature that has been produced the exact length of the works above ground.

The question then arises in all this stuff about connectivity is whether, in the end, there will be a connection between HS2 and HS1 if the estimates are going up in that way. Officials on HS2 have told some of my constituents privately that there is no economic case for it whatever and it is being done for strategic reasons. I do not know whether it is political strategy. It certainly is not economic strategy. We therefore need to insist that the Bill is amended so that sensible connections to all forms of transport, not just the rest of the railway system, are included in the Bill.

Lilian Greenwood: I agree in principle with my right hon. Friend about the importance of our railway network and our high-speed network co-ordinating with other forms of transport. That gives rise to one of my concerns. His amendment refers to connections with roads and airports but not with other forms of transport, such as light rail, buses, walking or cycling. Is that an oversight in the drafting of the amendment?

Frank Dobson: No. I am a bit reluctant to accept that. I am usually willing to accept all my errors and shortcomings immediately, but I have always assumed, for instance, that a light rail system and the tube system are railways; we just happen not to call them that. They run on rails, so they must be railways. Also, as far as I am concerned, the reference to roads means not just the bits of tarmac or concrete, but the things that run on them. The Minister is fond of saying that the project is only going to cost £43 billion, because the rest of the money is for the trains, but we have to accept that for any form of transport to work, it needs something to run along it other than just humans galloping up and down, which seems a fairly unlikely eventuality.

I have always thought that there was a case for high-speed trains, since the first lunatic propositions from the Department for Transport. Having been around a long time has a few advantages. The Department originally proposed that the channel tunnel link should come into a huge concrete box, to be excavated and constructed under King's Cross station. It said that the advantage of that would be that the trains would be able to run straight up to Birmingham and Leeds. I seem to have heard all this before. Then some horrible people in my area, including me, kept saying that that was a lunatic idea. I was, I think, the first person to suggest that, as St Pancras station was underused, why not use that station? That was pooh-pooed by exactly the same sort of people who are now pooh-pooing the objections of my constituents. We were never opposed to HS1 in principle, and bringing it into St Pancras was our idea, not that of the railway planners or people at the Department.

Mrs Spelman: The right hon. Gentleman is making an important case for connectivity. If the Dobson link is finally built between HS2 and HS1, he can take a great deal of credit for that and his prescience in seeing the scope of St Pancras. Does he accept, however, that, inevitably, other parts of the airport infrastructure are changing their own plans for growth and development as a consequence of the routing? He mentioned Birmingham airport, which is in my constituency and which has now proposed a second runway on the other side of the proposed High Speed 2 line, whereas originally the second runway was scheduled to be further to the west. That is an example of the adaptations of our transport infrastructure to the connectivity that he is talking about. If we mention airports in the Bill, though, it could place East Midlands airport, for example, in a difficult situation, because the airport has clearly shown that it does not want a connection with High Speed 2, for reasons I do not fully understand. The amendment is too rigid.

Frank Dobson: No one is going oblige anyone, either the Government or East Midlands airport, to have a high-speed rail station at the airport. If no one wants it, if it would not work, or if it would be a daft idea, there is no reason to go ahead with it. However, in terms of connectivity and a sensible strategic approach, there should be an obligation at all stages to consider the relationship with the rest of the transport system as a whole.

As I understand it, in the formal environmental assessment of High Speed 2 to be produced for the hybrid Bill, the Government will have to consider the

[Frank Dobson]

environmental impact of all other forms of transport that might carry out or contribute to the task that HS2 is supposed to do. It therefore seems perfectly logical to include that obligation in the law.

I am in favour of connecting HS2 to HS1. If we are to have a high-speed network, it would not be a bad idea to connect it to the only bit of the high-speed system that we have. However, there are arguments for not bringing it into St Pancras at all, but taking it, for example, to Stratford International, which is underused. Virtually everyone there would welcome HS2 trains coming in to join up with HS1, or perhaps running right through to Paris, Brussels or wherever.

It seems sensible to me to do that mainly underground. The Department and HS2 cannot claim that they were not warned about the current proposals for Camden Town. It is not just that they were warned by me—I can dismiss myself, let alone the Department dismissing me. The representative of the Institution of Civil Engineers said in evidence to us—very mildly and diplomatically—that “there are risks associated with bringing a line to the surface...in that particular location.”—[*Official Report, High Speed Rail (Preparation) Public Bill Committee*, 11 July 2013; c. 123, Q221.]

Of course, the noble Lord who followed that witness said that it was a “crazy” idea.

I want additional statutory obligations on the Department and on HS2 to consider all the necessary links that would make the scheme part of an overall strategy. If it is not part of an overall strategy, a great many of its alleged merits fall away: it needs good connections. I do not want anyone to say tomorrow that I compared HS2 to Concorde, but let me draw a parallel. Concorde cost a fortune and was going to work wonders, including for Heathrow, but from the point of view of virtually everyone who used Heathrow when Concorde was there, and since, the biggest step forward was not the fancy Concorde, but extending the tube on to Heathrow, so that people could get there, and not get off at Hatton Cross to catch a bloody bus. That is what used to happen before there was any connection. We need to recognise that if we are to have connectivity, we need the system to be connected up, and under the current proposals, it ain't going to be properly connected up.

Mr Burns: For the benefit of the Committee, so that we can try to make progress rather than engage in another long and convoluted debate, I thought it would be helpful if I joined the debate earlier than I normally would. I listened to the right hon. Gentleman carefully and of course he makes a reasonable case. Everyone on the Committee would agree that HS2 needs to connect to the existing transport network. I should be surprised if anyone here disagreed with that.

HS2 will, as we have heard before, provide most benefit if it is properly integrated with our existing road, rail and airport network. The proposals provide several examples of how that can be achieved with regard to Birmingham and Manchester airports, and the potential spur to Heathrow, which is currently on hold because of the Davies commission. We cannot afford to lose the benefits of what the right hon. Gentleman describes as an integrated transport system.

I have reflected very carefully on the amendment in the past few days, and I am extremely sympathetic to the reasoning behind it, which the right hon. Gentleman has set out. I believe that there is merit in the addition of the words in the amendment to the Bill. We will need to take a careful look at the drafting, as I am sure he will appreciate, given that he is an experienced parliamentarian. I assure him that if he does not press the amendment to a Division, I will be more than happy to go away and consider the matter further, in time for something to be produced for Report later in the summer.

Frank Dobson: It's a deal. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

3 pm

Amendment proposed: 24, in clause 1, page 1, line 12, at end insert—

‘(c) provides new services to destinations including, but not limited to, Glasgow and Edinburgh.’—(*Lilian Greenwood.*)

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 9.

Division No. 3]

AYES

Dakin, Nic	Mahmood, Mr Khalid
Dobson, rh Frank	
Greenwood, Lilian	Morrice, Graeme (<i>Livingston</i>)

NOES

Burns, rh Mr Simon	Spelman, rh Mrs Caroline
Hopkins, Kris	Stewart, Iain
Lumley, Karen	Sturdy, Julian
Morgan, Nicky	Vickers, Martin
Reid, Mr Alan	

Question accordingly negated.

Lilian Greenwood: I beg to move amendment 25, in clause 1, page 1, line 13, leave out ‘includes’ and insert ‘is limited to’.

The Chair: With this it will be convenient to discuss the following:

Amendment 26, in clause 1, page 1, line 19, leave out ‘includes’ and insert ‘is limited to’.

Lilian Greenwood: My hon. Friends and I tabled amendments 25 and 26 to make subsections (3) and (4) clearer. The Committee has already discussed the substantial increases to the cost of the project, and we have tabled other amendments to improve accountability for that spending in the next Parliament. I do not want to pre-empt those discussions, but there are questions we would like the Minister to answer. The wording of the Bill needs to be looked at closely.

Subsections (3) and (4) permit expenditure on certain activities. Subsection (3) states

“The expenditure which may be incurred...includes expenditure on—

(a) preparation for the construction of any railway line and any other infrastructure proposed to be included at any time in the network referred to in subsection (1), and

(b) preparation for the provision of services as part of that network.”

I emphasise the phrase, “includes expenditure”. Our concern is that expenditure not be restricted to those matters set out in subsections (3) and (4). It is reasonable to suppose that expenditure may fall in other areas, otherwise the qualification “includes” would not be necessary, but it would be helpful if the Minister explained in which other areas he expects to incur expenditure, or whether this is simply an allowance for unforeseen circumstances. Greater clarity about the preparation work referred to in subsection (3)(b) would also be helpful. Does it, for example, include work on timetabling and ticketing, or is it more encompassing? Could it include the procurement of rolling stock? It would be helpful to have his comments on the record.

It is vital to have proper cost controls on the project. That has been picked up several times in our proceedings already, and indeed it formed a substantial part of the evidence given to the Committee last week. Clearly many right hon. and hon. Members and, more importantly, our constituents, are worried about it. When contemplating potentially very significant expenditure—by 2020-21, it could amount to £16 billion—there is a need to have proper cost controls in place and to set out clearly what that expenditure might include before parliamentary approval is sought for the hybrid Bill.

We accept that there is a need for flexibility on spending and we do not want to tie Ministers’ hands unnecessarily. It is important that we do full preparation for the development of the high-speed network, and we support that. However, with that degree of flexibility, there must be meaningful checks and balances, especially in the absence of the long-awaited hybrid Bill. Essentially, this preparation Bill exists to ensure that things can be done prior to that legislation being passed, and there is some concern that that could be some way off, despite the ambitious programme that the Minister set out for completing the hybrid Bill process.

I am conscious that a number of witnesses last week referred to this Bill as a blank cheque. I do not necessarily accept that, because we are seeking to put restrictions in the Bill to ensure proper scrutiny of expenditure, but I suppose it is correct in one sense, in that limits have not been placed on expenditure. We are granting wide-ranging spending powers through this Bill, and it is important that they do not allow unnecessary spending from the budgets set out at the time of the comprehensive spending review. I shall be interested to hear from the Minister why the clause is so permissive.

Mr Burns: I am grateful to the hon. Lady for giving me the opportunity to explain subsections (3) and (4). I fully understand that she and her colleagues do not want a Government to be able to overstep the mark. However, let me make it absolutely clear that we will not start constructing the railway using the powers of this Bill; that is not the function of the Bill. Its function is to enable the Government to spend money on the preparatory work, and I will go into some detail of what that means in a minute.

The powers are confined to preparatory works for high-speed rail, all of which will also require Treasury approval. However, the Bill applies to all future high-speed rail lines, not just those we have announced to date—that goes back to the argument we had on proposed

amendments to subsection (1)(a). That would include expenditure on lines to Scotland, Wales, the south-west or elsewhere in England if a future Government were to decide to expand high-speed rail. It is impossible for us to know now every single piece of preparatory work which may ever be needed before construction of a high-speed line, so it is sensible to ensure that the powers are flexible enough to cover all necessary preparatory works, not just those we can see on the immediate horizon. I am sure the hon. Lady will agree that it would be foolhardy to handcuff ourselves to only certain activities under powers that will last for decades. That would mean having repeatedly to seek parliamentary approval, should circumstances change in future years, which would not be a good use of parliamentary time.

Subsections (3) and (4) provide descriptions and indications of the use of authorised expenditure. The phrasing regarding the preparatory works is necessarily broad, as the provision is intended not to limit the extent of expenditure that may be required for activities to prepare for the construction of high-speed rail lines. Subsection (3) pertains to expenditure on preparation for the construction of railway lines or infrastructure that will form part of the network outlined in subsection (1). The

“preparation for the provision of services”

includes, but is not limited to, negotiations with potential rail operators on the nature of the service that will be operated, and with rolling stock manufacturers on the engineering designs of rolling stock, but not on the purchase of the rolling stock itself.

Lilian Greenwood: On a point of clarification, given that subsection (3) refers to expenditure “incurred under subsection (1)”, which not only covers the network in subsection (2)(a), but also the connections in subsection (2)(b), might expenditure for preparations around the whole of subsection (1)—

Mr Burns: Sorry, would you start again?

Lilian Greenwood: Might the expenditure cover preparations for connecting services, rather than just the network itself?

Mr Burns: If it would help the hon. Lady, I will give her a greater explanation of subsection (4), which she also raised. It provides an indication of the types of preparatory work envisaged. Examples taken from the potential works on the planned route include preparations for procurement of specialist equipment, planning the movement of utilities, and designing the realignment of the existing railway.

Subsection (4)(b) and (c) enable the Government to incur expenditure in acquiring and providing compensation for property required for the construction of high-speed rail lines. We will have to acquire properties that lie along the proposed line of the route. There is a constitutional convention, which has been mentioned in debates elsewhere, although not in this Committee, that parliamentary authority is required for ongoing significant expenditure. My right hon. Friend the Secretary of State may not rely indefinitely on his common law powers. The discretionary purchase of property for

[*Mr Simon Burns*]

HS2 falls within this category. The expenditure is due to continue, and increase significantly, as the Committee is aware.

Subsection (4) will ensure that the Government are able to acquire all the necessary land in advance of construction, avoiding potential delay. It does not include provision for compulsory purchase powers. Those powers will be contained in specific Bills for each individual phase of the construction under the hybrid Bill procedure. I hope that is helpful. Obviously, we will come later in the Committee's deliberations to the crucially important issue of compensation and hon. and right hon. Members will have a greater opportunity to raise issues during those specific debates. For that reason, I urge the hon. Lady not to press the amendment, but if she does, I advise hon. Members not to support it.

Lilian Greenwood: I am inclined not to press the amendment. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

3.15 pm

The Chair: Does Mrs Greenwood want a separate decision on amendment 26?

Lilian Greenwood: No, I will not be moving the amendment.

Mrs Spelman: I beg to move amendment 1, in clause 1, page 1, line 21, leave out 'and'.

The Chair: With this it will be convenient to discuss the following:

Amendment 2, in clause 1, page 1, line 22, after 'affected', insert ' and

- (d) in implementing a scheme for the issuing of transferable bonds in respect of affected properties allowing owners of such properties to require their purchase at unblighted prices.'

Amendment 11, in clause 1, page 1, line 22, at end insert—

- '(d) in providing and maintaining a property bond system as detailed in Schedule 1 to this Bill.'

New schedule 1—*Property purchase bond scheme*—

1 The Secretary of State or the Promoter of the High Speed Rail Scheme (the Promoter) will establish a market-based property purchase bond scheme ("the Bond Scheme").

2 Bonds issued under the Bond Scheme are referred to as "Bonds".

3 All owners of blighted properties will be eligible for a Bond which will transfer with a property affected by any High Speed Rail proposals or project whenever said property is sold.

4 Eligibility for the Bond will be determined by whether a property suffers or might suffer loss in value due to the High Speed Rail proposals or project.

5 The Bond will underpin the full market value of the property designated as blighted so that the property can be the subject of a mortgage or charge and be disposed of in the same fashion as if it had not been blighted.

6 The Bond will be redeemed by the Promoter only after all relevant permissions and consents for the high speed railway have been granted and if no purchaser is forthcoming at the unblighted price (making the Promoter the purchaser of last resort).

7 Nothing in the Bond Scheme will prevent any other types of compensation being added to the compensation scheme for High Speed Rail blight as a whole.'

Mrs Spelman: I take this opportunity, Mr Sheridan, to thank you for your chairmanship. I have made several interventions, but you wanted them to be short, so I have reserved my gratitude to you until I had the chance to support amendments 1 and 2.

The amendments contain a proposal for a property bond as a form of compensation for properties blighted by High Speed 2. There is of course more than one model of property bond, but I would like to try to establish in principle today an undertaking from the Government to include a property bond scheme as part of their compensation plans. I appreciate that the Government would need to consult on the model for such a property bond, which is sensible as I have indicated that there are historical examples of property bonds, which vary, and it is important that the right one is chosen.

Unless I am much mistaken, I am one of possibly only two MPs on the Committee—I think it is just the right hon. Member for Holborn and St Pancras and I who have the line of route through our constituencies—who have the experience of trying to help constituents to secure compensation for the effects of High Speed 2 since its announcement in March 2010. For the benefit of the Committee, the compensation available at present is discretionary under a so-called hardship scheme. My experience has been that it is difficult to obtain such compensation and that there is a great deal of subjectivity in the term "hardship". Logically, just because a property is of reasonably high value, it should not preclude a property owner from being able to secure hardship compensation. In some parts of my constituency, where the real estate values are quite high, that is one of the arguments used to defend not providing compensation. Furthermore, it came out during the oral evidence sessions that businesses are excluded from the hardship scheme. For all businesses blighted by the announcement in March 2010, there is no compensation available at present.

A subsequent compensation model that the Government have consulted on and that will kick in is based on the distance from the property to the tracks. Up to 60 metres from the tracks, there is a compulsory purchase zone. For a further 60 metres, up to a maximum of 120 metres from the tracks, there is a voluntary purchase zone. While I perfectly understand the need to protect the public purse and not to place an unnecessary burden on taxpayers, particularly at a time such as this, those tightly drawn parameters do not, in the experience of my constituents, reflect the extent of the blight.

Frank Dobson: The right hon. Lady may be interested to know that it is at least my understanding that those rather limited distances are even more limited in Holborn and St Pancras.

Mrs Spelman: Each of us with live issues and a caseload associated with people seeking compensation will know just how many cases we are dealing with, particularly in a densely populated area such as that of the right hon. Gentleman.

There are properties in my constituency that are more than 500 metres from the track. They have suffered a 20% loss in value, as estimated, for none of them has actually managed to sell. That is why I support the alternative proposal of a property bond. It would apply to all property owners affected by High Speed 2, and its primary purpose would be to give certainty to the property and business owner who faces a prolonged period of uncertainty and disruption, and the inevitable anxiety that brings.

The property bond should be valid from the date of the announcement of the scheme through to one year after its completion, so in effect it would be retroactive. From the moment the route was proposed, a blight settled on communities affected by High Speed 2. The property bond proposal that I favour is not one in which High Speed 2 Ltd would be required to purchase all the properties. The property bond is essentially a piece of paper, a transferable bond, which applies to the affected property and can be used to provide certainty and security during a transaction. It does not require the outlay of the total value of the property. It is essentially a bond that covers the difference as reflected by the blight.

To ensure that the taxpayer is treated fairly in such a compensation scheme, there would need to be a clear evidence base—something that is not subjective—for the extent of the blight. My proposal is that High Speed 2 Ltd would produce an amalgamated map showing all the impacts of the scheme: noise, dust, lights and landscape visibility. There are already clear noise contour maps around Britain's roads, railways and airports. It is not difficult to establish the evidence base for a property bond that one could be confident of using to underpin the concept of the property bond scheme. Landowners would have to register to join the scheme. They would be registered on the Land Registry title and would remain there until the bond was redeemed. Once again, that limits the impact on the taxpayer, but it provides essential confidence and security for the landowner or the business or property owner whose property is blighted by the scheme at present.

The bond works if it confirms and guarantees that the property is due a compensation payment in the future, through the compulsory purchase of land or through compensation under part 1 of the Land Compensation Act 1973. Its effect is simply to underwrite the open market value of the property to its unblighted value until such time as formal compensation is available. If the property needs to be sold before the scheme is built or comes into operation, the property would be formally marketed with the benefit of a bond; hence the importance of the transferability of the bond. It is not unreasonable to assume that given the length of time it takes to construct a new high-speed railway, anticipated to be until 2026, a property might change hands more than once, with the bond transferring from seller to subsequent owner, and from new owner to subsequent seller. That is how the scheme would work.

Under the current compensation code, where a residual property suffers land take, compensation is paid following negotiation. Although there is provision for an advance payment, it is seldom sufficient and often not paid on entry. The property bond scheme would deliver a guaranteed sum negotiated in advance of the scheme, and the bond could be redeemed at any time once the scheme was

confirmed by Royal Assent. The bond's value would be calculated at the time of redemption and would be the value of the land taken and the injurious affection and severance claims.

Under the compensation code, where residential property suffers no land take, the earliest time that a claim can be made is a year after the scheme is in use, which could be more than 20 years away, and the heads of claim are very limited. The bond would allow the value of a property to be underwritten, so that if it was sold the vendor could either redeem the bond and thus be compensated for his loss, or sell the property with the benefit of the bond.

Under this particular model of property bond scheme it is proposed that if there is an intention to market a property that benefits from a bond, a notice of intention to sell should be served on High Speed 2 Ltd. High Speed 2 would need to be informed about any property that is proposed for sale under the property bond scheme, so that it could take account of the likely call on the difference between the blighted and the unblighted price. If the intention was to redeem the bond, High Speed 2 would require the necessary valuation evidence to justify the claim at least a month before the sale. That is a very important point, because at present, in order to demonstrate the unblighted price of the property, we are already talking about looking at property market prices between the back end of 2009 and March 2010. The further we get from that date, the harder it is to prove what the original price would have been.

On non-residential property, the blight of a major infrastructure scheme—certainly for agricultural and other businesses—takes a different form from that for residential owners. For individuals in that category, be they urban or rural landlords of tenanted properties, owner-occupiers or tenants, the blight is one of uncertainty and the difficulty of predicting the timing of the loss of land, buildings or access, as well as the difficulty of the predicted quantum of the eventual compensation. The scheme would allow compensation to be negotiated and the principles to be agreed well before the parliamentary process is completed, thus giving some certainty about the compensation that will be paid and allowing the business to consider its future reinvestment flexibly. For that aspect of the scheme I give credit to the Country Land and Business Association. When it gave evidence to the Committee last week the association made it very clear that there is a real predicament for landowners and farmers who are on the line of the route. I foresee the value of the bond as assisting businesses at an early stage of the scheme to make ongoing business decisions.

Many critics of property bond schemes cite the example of Heathrow. I refer the Minister to two other examples where the property bond has operated successfully. I am sure that there will be a record in the Department of the Central Railway property bond scheme, which—although it never came to fruition—got a long way down the track, if the Committee will forgive the pun, to the extent that a building society such as the Halifax, for example, stood ready to operate such a bond scheme for properties blighted in that way.

By the same token, I refer the Minister to the proposal for a property bond scheme that was announced by Birmingham airport after the publication of the aviation White Paper and the appearance of a proposed second runway at Birmingham, which immediately had the

[Mrs Spelman]

effect of blighting a village in my constituency. The airport voluntarily came up with a property bond scheme. It happened to be based on decibels as a qualifying contour, but it provided certainty for residents in a qualifying area around the airport so that they could move on with their lives if they needed to.

The situation at the moment, when very limited compensation is available, is that we have constituents who are caught in a bind; they need to move but they are not considered to be hard up enough for the hardship scheme. That is causing considerable distress to the people we represent and to their loved ones. Whatever the reason for the need to move—it could be ill health or employment—it is proving very difficult under the hardship scheme to get people the help that they need.

I strongly commend to the Minister the concept of the property bond; it would offer a way forward to large numbers of our constituents, in business and domestic properties, who are adversely affected but caught in a bind where they are unable to transact. Above all, a bond would provide certainty and confidence to those property owners, and would allow the normal market process to proceed.

3.30 pm

Frank Dobson: I shall speak in support of the amendment standing in the names of the right hon. Lady and myself. Much to my astonishment, I also find myself supporting an amendment in the name of the hon. Member for Stone (Mr Cash); all people are capable of redemption.

It is impossible to exaggerate what a mess the present situation is for people and businesses affected by the proposals. It has been going on a long time already and is going to go on for a lot longer. The route was outlined before the previous general election; if the work is finished on time—that is rather an exceptional concept in this country—it will be another 13 years from now before construction finishes. People have already put up with four years of uncertainty about what is going to happen to them if they want to move—and not only if they want to move, as there are other considerations as well. Those people will be blighted for the best part of two decades. That is a long time in anybody's life.

A substantial number of people will wish to sell up and move, and get a job somewhere else or retire to the Costa Brava, or whatever it is they want to do. However, they are not in a position to get what was the full value of their property before the scheme was announced. They will have had 17 years of not knowing, which is a long time for them to have to put up with. We should not tolerate that.

The worst affected group in my constituency are people who exercised their right to buy and are now right-to-buy leaseholders. Even if we get a bond scheme, the chances are that the price they might get for their flat, even if unblighted, will not enable them to buy a comparable flat—remember that some of those people will be forced out, as their homes are going to be demolished—and so they will not be able to continue to live in the area. I therefore think that some special measures are needed to deal with their situation.

I shall give one or two examples of the problems that people face. A woman who is the owner of a small flat, or a flat in a house, near Drummond street close to Euston station has been in touch with me. She was the owner-occupier of the premises but has got a job somewhere else so has moved to live where her work is. However, she cannot sell her flat because she has, quite sensibly, been letting it to get a bit of money in after moving out. Her application has therefore been turned down by the hard-faced people who run the exceptional hardship scheme; as far as she is concerned, they are running a scheme to perpetuate exceptional hardship, not to relieve it. She thinks she has been treated unreasonably, as do I. If the terms of the exceptional hardship scheme need to be varied in order to cope with her particular circumstances—and there cannot be that many people in those circumstances—I think it would be only right and proper to do so.

It is all related to valuation. Some people might want to sell or, in some cases, people running a business would like to borrow against the value of their home in order to get finance to expand their business. They are in severe difficulties; values have been reduced. There is evidence in various parts of the country that the uncertainty has reduced residential property values by about 40%. That is an awful lot to do without in those circumstances.

Other things had not occurred to me until one of the people possibly affected drew them to my attention. People who live above the tunnel in the Primrose Hill area have been told by civil engineers that there will be no vibration that will affect their homes. Knowing a little bit about tunnels, I am prepared to accept that that is probably true. Even they are prepared to accept that it is probably true, but would-be purchasers are not. The value of anywhere is in the pocket of the purchaser, not the vendor, in the perception of the purchaser. There is a situation there in relation to the scheme proposed by the right hon. Member for Meriden, where it would need to last a bit longer, and not close down a year after the building works were completed. Someone would probably need to demonstrate for about two or three years that the place was not vibrating and shaking to bits when the train came through. We need to look carefully at all those things.

Various types of property bond are being proposed. They are all based on the concept that owners of blighted property will be eligible for a bond underwritten by the promoter of the project. It transfers with the property if it is sold. Their eligibility would be decided by the property suffering loss in value due to HS2. The bond would underpin the full unblighted value of the property and give confidence both to a potential purchaser and to mortgage lenders, so that the money would eventually be forthcoming. The trigger point for sales to the promoter if all else fails would be when planning permission was granted.

There have been adverse comments about the Sipson scheme at Heathrow, but that is not a parallel at all. That scheme was, in effect, property purchasing by the British Airports Authority. It suited it to buy up as much property there as anybody was willing to sell, even at the unblighted price, because it hopes ultimately to be able to knock it all down and build an extra runway. Therefore, that is not a property bond scheme at all. Certainly, its motivation—to be instigated, or whatever the term is, before there was any planning

consent, but against the possibility—was a result of legitimate pressure from Members of Parliament trying to represent the people in the area. However, it was also in BAA's interest to buy up the property because it thinks that, in the long run, it will suit its needs.

Mrs Spelman: The right hon. Gentleman is making a good point about why the Heathrow example is not a parallel to the model that I have proposed. It is because the property bond that we have discussed is essentially a piece of paper not requiring the proposer of the project to buy the entire property. In fact, the evidence from High Speed 1 is that, once the piece of infrastructure is built, the perceived blight often falls away. In terms of the burden on the public purse, it is a guarantee for the person who needs to sell, but in practice few of those who have the bond will need to put it into action, because once the project is built and the real blight can then be seen by all, and experienced, the perceived blight, which vastly exceeded the real blight, becomes the underlying factor.

Frank Dobson: I agree with every word that the right hon. Lady said. I advocate the amendments and the new schedule.

The right hon. Lady and myself are not claiming that our propositions are perfect. They have been put forward by representatives of people who will be affected in this way. I hope that the Minister will at least say that he accepts in principle that some scheme along these lines is needed, and that he will authorise his officials, and HS2's—I do not know who the right people are in such circumstances—and probably Ministers as well, to meet representatives of the people who are advancing these important proposals, including Hilary Wharf, who has done a huge amount of work for people generally, and particularly for people in the constituency of the right hon. Member for Chesham and Amersham (Mrs Gillan), to try to thrash out a scheme that meets the needs of everyone concerned—and I mean everyone.

There is a complex list of people in slightly different circumstances. If we accept that nobody should be worse off as a result of HS2—most people probably accept that—we need a scheme that is not too rigid and does not say, for example, to the woman in my constituency who has moved home to take a job somewhere else and sensibly lets it, that she no longer counts as an owner-occupier and therefore cannot benefit from the exceptional hardship scheme.

I hope that the Minister accepts the general concept of such a bond—I not sure whether it is a principle—and works with all concerned to come up with one that fits the bill.

Lilian Greenwood: I welcome the opportunity to comment in the debate. This group of amendments is designed to insert a property bond scheme into the paving Bill. That idea was raised and supported by a number of witnesses last week. I listened closely to those arguments and am listening to the case advanced by the right hon. Member for Meriden and my right hon. Friend the Member for Holborn and St Pancras. I have a great deal of sympathy for their case, particularly in respect of constituents whose lives have already been blighted, or will in future be blighted, by the development of the project.

My only reservation is whether it would be appropriate to insert a particular compensation scheme into the Bill at this stage, before the Government have issued their new compensation consultation. I look forward to hearing from the Minister about when he intends to issue that consultation, because my right hon. Friend suggested that that might be some way off. I hope that the Minister has listened to the proposals and will not only say something about what might be in that compensation consultation, and when it might take place, but will, in finalising the scheme that is going to be consulted on, take into account the ideas that have been advanced.

We share the concerns about compensation, particularly those expressed by a number of witnesses in evidence to the Committee. We tabled our own amendment on compensation, and we will continue to press the Minister further later.

3.45 pm

Mr Burns: This has been an extremely useful and helpful debate. I pay tribute to my right hon. Friend the Member for Meriden for the considerable work she has done on behalf of her constituents on compensation and the property bond, and to be fair, to the right hon. Member for Holborn and St Pancras and my right hon. Friend the Member for Chesham and Amersham, who is not present today. They have all done a lot of work, not simply as constituency MPs, but in addressing the general problem. There is always a problem when a large infrastructure project will encroach on people's homes or on other properties, and it is crucial to have a scheme that is fair and generous, particularly in this case, to help people who may be adversely affected.

The right hon. Gentleman and my right hon. Friend the Member for Meriden made the point that we do not know the numbers. There is the example of Kent, where there was short-term blight, but it recovered. Each project is individual and previous projects do not provide complete lessons, but there are themes.

I can give my right hon. Friend and the Committee an assurance, but it may not be the assurance they are looking for and I will explain the reasons. There were 10 judicial review cases against the Government's procedures for moving forward with HS2. The one case that the Government lost was on the consultation on the compensation scheme. We are anxious to have a compensation scheme that addresses the issue and the problems, and commands as broad support as possible. The judge found the consultation process on the compensation scheme to be deeply flawed and my right hon. Friend the Secretary of State immediately accepted that decision, so we made no attempt, even for a moment, to consider appealing against it.

We gave a commitment that we would rerun the consultation, addressing the particular points and criticisms that the judge made of the earlier consultation process. As many hon. Members will know, a key problem that the judge found, among others, was the way in which the property bond was dealt with. We have said that we will rerun the consultation, learning the lessons and accepting the judge's criticisms, and that will be done shortly. I cannot be more precise than that, but it will certainly be done during the summer and autumn, which is "shortly" in Government terms.

[Mr Simon Burns]

I can give an assurance, which I hope will reassure both right hon. Members and others, that we have fully embraced the criticism, particular concerning the property bond part of the consultation process, and that mistake will not be made. We will explain the options and systems fully as part of the consultation. We obviously want as many individuals, bodies, organisations and interested parties as possible to contribute to the consultation so that when it has been completed, as with all consultation, we can consider the responses and then move forward with a compensation scheme to fit the Government's aims and aspirations while being fair and generous in providing help to those who will be affected adversely.

I cannot anticipate what the balance of the responses to the consultation will be. Some may be passionately in favour of a property bond scheme; others may be more attracted to another form of scheme. I also cannot anticipate what the final decisions will be, because it will be an open and fair consultation process. We will go into it and consider the responses with an open mind, and then reach a decision. That is a commitment I can give the Committee. What I cannot do, for the reason that I just outlined—it is premature—is accept the amendments or new schedule 1, because that would be putting the cart before the horse. We must have a consultation process. Who knows what will emerge? It is probably wise of me not to speculate, but I can give the assurance that it will be open and full, as the consideration of the responses will be, before we reach a final decision on what form of compensation scheme emerges to redress the problems with the first process.

In light of that, I hope that my right hon. Friend and the right hon. Gentleman will feel able to withdraw the amendments and embrace the compensation consultation when it starts later this year.

Mrs Spelman: I was well aware that because of the timing of the need to re-consult on compensation, it would be difficult for the Minister to agree, much as I would like him to, to the model that I outlined. However, given that these proceedings are broadcast and that an awful lot of people are watching and listening closely to what he and we Committee members have to say on the difficult issue of compensation, I am sure he will agree that it was important to debate the issue in this Committee.

However, I hope that the Minister will heed what the right hon. Member for Holborn and St Pancras said and steer his officials away from looking at just one sample of the property bond and towards looking at some of the other property bond schemes proposed, perhaps including some that more closely resemble what organisations such as the Country Land and Business Association and I were striving for in terms of the fairness that the Minister referred to. I am sure that the words “fairness and generosity” will not have gone unnoticed, not only within this Committee but by the wider audience listening to these proceedings. I take on board fully his point about the need to consult carefully the second time around, but I would sincerely like an undertaking that the property bond will be one of the options in the consultation. If he can give me that undertaking, I will withdraw my amendments.

Mr Burns: I am grateful to my right hon. Friend. As she said a minute or two ago, there are different views on different types of property bond, and I accept that. Particularly in the light of the experience of the first, flawed consultation process, there will of course be an opportunity within the new consultation process to consult fully on the possibility of a property bond, in whatever shape or form, as well as other forms of compensation. It will not be exclusively on the property bond, but I can assure her that we have learned the lessons from the first time around. A property bond will feature as part of the consultation process.

Mrs Spelman: On that basis, I will withdraw my amendment. I am grateful to those who have helped me as a constituency MP with the details of different schemes and background information material. I thank our absent colleague, my right hon. Friend the Member for Chesham and Amersham, for her assiduous attention to the compensation I mentioned—the words “fair and generous”, uttered by the Minister, will bring great comfort to her.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Frank Dobson: I beg to move amendment 9, in clause 1, page 1, line 22, after ‘providing’, insert ‘generous’.

The Chair: With this it will be convenient to discuss new clause 1—*Definition of compensation*—

‘The Secretary of State shall as soon as reasonably practicable after the day this Act is passed establish an independent and objective process to determine what shall be deemed a generous scheme for providing the compensation referred to in section 1(4)(c), and shall direct that that process itself take place expeditiously.’

Frank Dobson: I welcome the Minister's generous references to “generous”, but I am not sure that we can leave the plain word “compensation”. When officialdom says, “We will be generous. We will be fair,” most people are a bit dubious—I am not being personal about the Minister. Similarly, the more “he talked of his honor”, the more “we counted our spoons”.

The more officialdom talks about generosity and fairness, the more people wonder what they are up to.

The purpose of the amendment, therefore, is to pursue the idea of qualifying “compensation” in some way, to be favourable to its would-be recipients. The alternatives are skimpy, skinflint, Scrooge-like, miserable or barely adequate—they would all be compensation, but not what most in Committee would like people to get. Ministers, including the Prime Minister, have talked about generous compensation, and if they can talk about it, why should we not put it into statute? That would scare the Treasury and upset parliamentary drafters, but there is scope for adding “generous” or some other word.

To be brief, we need something to qualify and improve the plain, crude word “compensation”, because everyone in the Room and most people in the country can remember encountering some compensation that fell a long way short of meeting their requirements.

Lilian Greenwood: To be brief, we want all sensible mitigation measures to be put in place, to ensure that compensation does not need to be paid in the first place. We have pressed the Minister on that previously, but we have continuing concerns about compensation, which we will discuss later. I understand my right hon. Friend's point about wanting compensation to recompense people adequately and about including "generous", although I am not sure how easy it is to define the word in law.

All of us in Committee welcome the assurances given by the Minister and the fact that the Government will carry out a review of compensation as they prepare to release the new consultation. I am not sure that we need two reviews, as set out in new clause 1, but we want to see the text of the new consultation as soon as possible. I was listening to the Minister earlier, but I am not absolutely sure that I caught what he said. I am somewhat concerned that he might have suggested that the compensation consultation would not commence until the autumn—

Mr Burns: I said shortly—the summer.

Lilian Greenwood: Perhaps the Minister will clarify that in his concluding remarks. I wondered if he could give us a bit more clarity about when the consultation will start and how long it will run for. Does that have any implications for the timetabling of the hybrid Bill? We want to keep an eye on the overall legislative timetable for the development of the high-speed rail network.

4 pm

Mr Burns: I reiterate that we are still working on the details of the rerun consultation on the compensation scheme arising out of the High Court judgment. We hope to initiate it shortly, in other words later in the summer. That is as far as I can go at the moment because work is still progressing. Obviously in the light of the history, we are determined to get this right. We do not want to cut corners. The hon. Lady perfectly reasonably asked how long the consultation period would last. The normal convention for many consultation processes is 12 weeks. Again, that is something that we are considering as part of our review of how to move forward in a positive way.

I do not want to rehash our debate on the last group of amendments, as in some ways this is a similar debate. I would just like to say briefly that the Government are committed to establishing a fair and generous package of compensation for property owners affected by the scheme. We already have compensation schemes in place: one is for the safeguarded route; the other is the exceptional hardship scheme for phase 1. We have made it quite clear that we brought that in to help alleviate a short-term problem. There was no statutory requirement to do so but we brought it in because we wanted to help people over the route of phase 1 who were having to leave due to exceptional hardships. I have heard the comments of different hon. Members about the scheme, but I believe it has made a positive contribution to helping people. I also accept that some hon. Members would not share that view. The critical thing is to ensure that we establish over the longer term a proper compensation scheme. That is why we will carry out a further review.

Frank Dobson: Is there any objection to including the word "generous" or some equivalent word that has been used by Ministers? It might be said that there would be difficulty in interpreting it, but I suspect there will be one or two pre-nuptial cases in civil law where the judges have decided what the word "generous" meant which could tie things down.

Mr Burns: The right hon. Gentleman has answered his own question. It is difficult to come up with a definition of "generous" that means the same to all people. It would be fairly meaningless in a legal way to have such a relatively nebulous description in statute. I do not think that is the way forward. The most important way forward is to ensure that we get it right with the consultations on the compensation scheme and draw the conclusions from that, so that we have a compensation scheme that fits the criteria that everyone in this room and elsewhere wants, which is a fair and generous settlement. I urge the right hon. Gentleman to withdraw the amendment.

Frank Dobson: I happily beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Frank Dobson: I beg to move amendment 10, in clause 1, page 1, line 22, after 'property', insert 'businesses and persons'.

The Chair: With this it will be convenient to discuss amendment 27, in clause 1, page 1, line 22, leave out 'in respect of property likely to be affected'.

Frank Dobson: From the point of view of businesses in my area, this is probably the most important amendment I will move today. We need to include businesses on the face of the Bill and subsequently in the Act of Parliament, to place obligation on the Department and HS2 Ltd. Many restaurants and shops in my area, as things stand, will be severely damaged as their usual run of customers will not be able to get to them.

Ministers have tried the approach of a soft answer turneth away wrath, and HS2 has taken that to extremes, but we got the hard word at our final session last week from Mr David Prout. He is probably quite well paid and steady in his job and not too threatened at the moment. He asserted:

"Business continues in Drummond street...the nature of the area will change. That happens with all construction projects. When Middlesex hospital closed down"—

he probably chose that example because he knew that I was in favour of that closure—

"the businesses around there were affected by the closure."

He went on to say:

"This is what happens with major developments. Their business will develop."—[*Official Report, High Speed Rail (Preparation) Public Bill Committee, 11 July 2013; c. 154, Q292.*]

For the people in Drummond street, "develop" is the last thing that their businesses will do. People in Drummond street who run small shops and restaurants—some of which are famous—have become dependent on passing trade from Euston station. They have done surveys that

[*Frank Dobson*]

show that the lowest dependency on that passing trade is about 40%, while some of the restaurants believe they are about 70% dependent.

As currently proposed, there will be a barrier right across Drummond street, which is intended to stop people getting on to the construction site. It will not be covered in flowers and say, “Welcome aboard Euston station”; it will be there to keep people out. It will be taller than the Berlin wall and on the edge of about 30 or 40 yards of excavation. Yet, according to Mr Prout, who is apparently in charge of these things, “Their business will develop.” Well, they will certainly not develop in any meaningful sense: they will undevelop—trade will be substantially reduced and, as things stand, they will be entitled to no compensation whatever for their loss of business. He emphasised that that is the statute as at present.

However, we make statutes here—that is what we do. In old B-movies, gunfighters dealt in lead; we deal in statutes. It is therefore no good to say to us, “That is the statute,” because we can get the statutes changed. That is one of the few things that we can do, and it is absolutely necessary that if there is to be a decent approach to this, we need to recognise the immense complexities of the impact of these huge works. Everybody says that this is the biggest railway project since the 19th century—there was nothing as big during the 20th century. No has any comparable experience, whether within the Government or in any Department or agency, of works on this scale over such a long period and affecting such a vast area of the country. We are in a time where there is a better attitude, generally, towards trying to look after the interests of people affected by major projects. In the 19th century, if someone wanted to put a road through an area where people lived, they put a road through. The person who owned the property would get some money, but whoever lived there would have to shift, in both senses of the word, for themselves. They shifted, and they looked after themselves. In modern times, we have accepted that there is an obligation to those affected, whether it is their homes or their businesses.

If we apply the modern approach to this vast and very complex project, with its vast and complex implications for all sorts of communities all along its length, we need a purpose-built statute. It could include the property bond scheme and other schemes. I want to see a scheme that looks after the small businesses. The small businesses do not exactly live from hand to mouth, because some of them have done well. Some of them, however, are already suffering. Some of them are finding that their kitchens need to be refurbished or replaced, with new ovens and all sorts of things. They wonder whether it will be worth while, if the trade will disappear in two or three years’ time. The risks and uncertainties are unreasonable.

We need to do something to look after the interests of these small businesses, which have been doing their level best to make a decent living and provide decent services, not only to local people, but, as the dependence on Euston shows, to people all over the country. I believe strongly that the Minister should either accept the amendment or undertake to come up with something on the same lines that protects businesses generally and extends the cover to businesses beyond the present

arrangements. The present statutes are not up to the job and it is our job to change statutes. Nobody else can do it, and if we do not do it, it will not get done.

Lilian Greenwood: I rise to support amendment 27, which we tabled because it is vital that we have a focused debate on compensation. We have started this afternoon to tease out some of the issues that were introduced in the oral evidence sessions last week. I am sure that hon. Members are well aware of the concerns being expressed by people up and down the country who are likely to be, or are already affected by the proposals for the high-speed line.

One of the difficulties that we face as a Committee is that the issue is caught in limbo. The original property compensation consultation was thrown out. The courts found that the Government had not made sufficient information available to consultees at the first stage for the consultation process to be fair, and that it was so unfair as to be unlawful. We are awaiting the new compensation consultation, and I thank the Minister for providing a little more clarification on when that is likely to take place.

4.15 pm

We broadly support the inclusion of subsection (4)(c), which will make it easier for the Government to compensate for property loss and blight along the route. I am well aware that hon. Members oppose the project but did not vote against the Bill on Second Reading for that very reason. However, I would like the Minister to comment on some areas before we can commit to the subsection as it stands. As my right hon. Friend the Member for Holborn and St Pancras said, the Bill includes compensation in respect of property, but it does not mention loss of earnings. I visited business owners in Camden with my right hon. Friend, and particularly, the famous Drummond street in his constituency, where large numbers of excellent south Indian restaurants are renowned across not only London, but the country. They face substantial loss of trade when the west side of Euston is shut off during construction, but, as my right hon. Friend said, they will not be eligible at present for any compensation. I look forward to hearing what assurances the Minister can offer to those small business owners, because it is vital. My right hon. Friend has done sterling work on his constituents’ behalf to explain the issues that they face and why they wish to have further consideration of their needs in the process.

We tabled amendment 27, rather than the one tabled by my right hon. Friend, because compensation also has environmental connotations. We have concerns that in some of HS2’s literature, the words mitigation and compensation have been confused in that context. Will the Minister say whether he feels that he has the requisite powers to instigate environmental compensation measures? Those might include issues that have been discussed in previous debates on the development of the high-speed line, such as planting new trees or moving ancient soil—or is he content for those issues to await the hybrid Bill? I would appreciate clarification on those points.

Last week, we took evidence from the Country Land and Business Association, which raised two issues in particular, and it would be good to have the Minister’s

thoughts on those. Several members of the CLA own land, if not necessarily property, that the line will cut through, and the land poses special challenges for agricultural businesses. What assurances can the Minister offer them? Does the Bill provide scope for discretionary compensation in such cases, or can they only be offered mitigation measures? I look forward to hearing him address that.

The CLA also raised the issue of property bonds, which we may already have addressed. The Minister, the Secretary of State and even the Prime Minister have promised to look at the matter. I probably do not need to press the Minister further on that, because I think he has said that that will be part of the revised consultation.

Finally, I want to raise the question of what Ralph Smyth, from the Campaign to Protect Rural England, called community-level compensation. As we heard, that issue is acutely felt in Camden, where the community regeneration benefits are much diminished from the original proposals, as a result of the changes to the scheme for Euston station. Such compensation is not provided for in the Bill. We may have to wait for the hybrid Bill, but that could require new spending powers, so I wonder whether the Minister has looked into that.

Inevitably, our discussions this afternoon on compensation have been somewhat truncated, because we are still awaiting the new compensation consultation, which is some way off. However, it is important that we got the Minister's view on the record. We understand—in full—the powers that this Bill grants to the Government. We do not want to take any steps that hinder the payment of compensation to those affected and we have made some progress today. However, there are still some outstanding questions about the Government's position. We will return to those in the coming months, but hopefully the Minister can provide some clarification now.

Mr Burns: I am grateful for the opportunity that consideration of these amendments has given us to have a discussion about the question of business compensation because, as the right hon. Member for Holborn and St Pancras has highlighted with regard to his constituency, it can cause considerable problems and obviously it has to be handled in a very sensitive way.

As the right hon. Gentleman will be aware, for those businesses that are within the safeguarded area of the line of route there is a statutory compensation system, which is set out in the national compensation code. That is what will be applied to provide assistance to those businesses that are caught through the development of HS2, not only in Camden but elsewhere along the line of route where development is affecting businesses.

The right hon. Gentleman asked me whether it would be possible to increase the compensation to take into account the particular situation with regard to HS2. I have to say that the straight answer to that is no, in that the national compensation code lays down the compensation available and the way that the system runs for those businesses in the safeguarded area. Unfortunately, it is not up to Ministers to adapt or change that code, and it is beyond the scope of the Bill—

Frank Dobson *indicated dissent.*

Mr Burns: Wait—I have not finished the sentence. It is beyond the scope of the Bill that we are considering.

However, the right hon. Gentleman raised the more difficult issue of Drummond street in his constituency, and the businesses there. I think I am right in saying that most of Drummond street is beyond the safeguarded zone and so, of course, that zone would not apply to them. I must tell him that we are very aware of the problems, not least because the right hon. Gentleman has rightly—as the constituency MP—drawn them to the attention of the House on a number of occasions.

I have to say that the narrow answer is that there are no plans to provide compensation for the Drummond area, as most of it is outside the safeguarded zone, but—in recognition of the problems that the right hon. Gentleman has mentioned—we are considering what measures could be taken to seek to mitigate the impact of HS2 on those businesses. We will certainly look to engage with Camden council to determine what it may be possible to seek to provide, to help to alleviate the situation in that area.

However, the bottom line is that—obviously—we want to do as much as we can to minimise problems, or to seek to help people, but, and I am not simply talking about Drummond street but about the generality of the nature of a project of this scale, unfortunately it just is not possible 100% to alleviate the problems of a project that is so large but that is in the national interest, and judgments have to be made. That does not mean that we are not sympathetic to and anxious—where it is possible—to provide compensation, or to provide mitigation or assistance, but there will be times unfortunately when we cannot do it 100%, just because it is not feasible.

I ask hon. Members to withdraw the amendments because they will not help to improve the Bill, because it is dealing with some issues that are very difficult and very sensitive, and where there is in part assistance through the national compensation code. In other areas one will have to work, as with Drummond street, with Camden council to see if there are measures to alleviate the problems facing those businesses in that street. It is in that context that I ask for the amendments to be withdrawn.

Frank Dobson: The perspective of the people in the small businesses in my constituency, not all of whom are my avid supporters, is that in the national interest they will be put out of business. At the same time, in the same constituency, they have seen grotesque incompetence. At Euston there was an original estimate that the cost would be £1.2 billion. For that scheme, when it was reviewed, it was going to be £2 billion. That was £800 million wrong.

For the above-ground connection of HS2 to HS1 in the same constituency in their area, where most of them live and have their businesses, the increase went from £170 million to £300 million. They know, as does everybody in this room, that highly rewarded consultants would have helped draw up those original estimates and got them grotesquely wrong, and will have suffered not one jot, in the national interest or any other. These small businesses, which have been beavering away for years providing value for money and high-quality service to local people and visitors, are going to be pushed out of business.

[*Frank Dobson*]

For tactical reasons I am prepared to withdraw my amendment but I do not withdraw my concern and I reserve my right to continue to pursue the matter until we get justice for those people. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

The Chair: Ms Greenwood to move amendment 27 formally.

Lilian Greenwood: I do not wish to move amendment 27, although like my right hon. Friend I will continue to press the Minister on compensation during the consultation period and thereafter.

4.30 pm

Mrs Spelman: I beg to move amendment 3, in clause 1, page 1, line 22, at end insert—

“(4A) Expenditure mentioned in subsection (4)(b) and (c) shall be minimised so far as reasonably practicable through agreements with owners of affected properties with the purpose of mitigating the impacts of the network referred to in subsection (1) on those properties.”

Given the strong case being made for businesses to seek compensation, Committee members might be quite surprised to see an amendment on the minimisation of expenditure. Allow me, then, to unpack the meaning of the amendment, because it is important. It relates to compensation, in particular for landowners, given the impact on farming and other businesses about which we heard evidence from the CLA last week.

It is not possible at the moment to compensate those landowners for all their losses. Even when the route is safeguarded, compensation will not be delivered for many years. The indirect or personal impacts would never be fully compensated for. If no property is taken, an individual may have to wait up to 20 years, as the right hon. Member for Holborn and St Pancras said, until a modest claim for the impact of the scheme can be made. Where no land is taken by the scheme but impacts are suffered, a property owner may submit a claim under limited criteria, but only after the scheme has been in operation for a year; we estimate that to be 2026.

It is important that High Speed 2 speaks to all the landowners and businesses along the length of the proposed route, to quantify the impacts and what can be done to mitigate them, given the very long lead time before any statutory compensation is available. The default position should be for delivery of mitigation to reduce any impact rather than the current assumption that mitigation is not required.

Under the current regime, it is acceptable to cut a farm in half and for the farmer affected to have to travel 10 miles or more by road to reach the other half of his farm, provided that he is compensated. The provision of a bridge would prevent that travel and be more sustainable in the long run, although it would of course entail significant expenditure. To give an example, a Northamptonshire farmer who owns a listed farmhouse has diversified into providing office accommodation to complement his agricultural income; that is what a lot of farmers are encouraged to do. However, it is now

proposed that High Speed 2 pass close to his house and buildings, making the buildings far less attractive for letting as office accommodation and, most important, leaving 100 acres of his farm severed. I raised that case during our evidence sessions last week.

Delivering a fair and expedient compensation scheme would make HS2 less controversial and fairer for those living along the route.

Frank Dobson: I support the amendment, which, as the right hon. Lady has explained, is related to compensation. The amendment would reduce the scale of compensation by promoting practical measures to mitigate the impact of HS2, particularly during the construction period; the aim would be to reach agreement with those affected about mitigation measures that would meet their needs and would therefore have the beneficial effect of reducing any compensation—even generous compensation—to which those people may be entitled.

During the construction period, that could include measures such as putting noise baffles in place, placing limits on working hours and weekend working, and—certainly in my area—putting severe limits on the routes that could be used by lorries taking away spoil or bringing in equipment. That is important because we are looking at an enormous construction scheme.

Once HS2 is in operation, again, some noise baffles may well be appropriate; once more I am thinking about my constituency. I make no apologies for being parochial, as one of my jobs is to be parochial; after all, St Pancras was a parish before it was a station. In my area, it is not a question of “not in my back yard.” For many people, it is “not through my front room.” Some 500 people will lose their homes, which will be demolished, and there is a threat to another 500 people living in blocks that are so close to the proposed line and civil engineering works that the blocks might become unstable and the people may have to move. Very large numbers of people are affected, and mitigation measures to try to offer protection are clearly necessary. We have a hybrid—if I may use that word in the run-up to the hybrid Bill—which is that if we mitigate as far as possible, we may be able to reduce the compensation. That is one of the amendment’s obvious objects.

I have two examples from my constituency. Park Village East includes some villas that are worth I do not know how many millions, but the people were told by HS2, as I was, that it would not be necessary to rebuild the retaining wall between the existing cutting coming into Euston and their homes. They have recently been told, “Sorry about that.” No, HS2 did not even say sorry; it just said, “Actually, we will need to rebuild the retaining wall.” At the present estimate, for more than a year there will be vast works going on, with the possibility that the listed buildings will be in danger of slithering down on to the track. Those people are concerned, and mitigation measures are certainly necessary for them.

People on one side of Cobourg street, under the beneficent arrangements, will ultimately be compensated when their place is knocked down, but people living on the other side of the street are currently living in a quiet side street—there are quiet side streets even near Euston station—but it will not be a quiet side street during construction because on the other side of the street there will be a great Berlin wall keeping people out of

the construction site. After the project is completed, there will be the new HS2 station, and a much wider road with much more traffic than presently runs along Cobourg street. As part of the wondrous revised proposals for the site, the road will veer around to the east, overlooked by no one, around the back of the station. The road is clearly purposefully designed for kerb crawling and drug pushing, which is the characteristic of such anonymous roads.

People in the area are looking for a lot of mitigation measures to avoid such things, and some of the mitigation measures require very radical changes to the current building proposals. If those mitigation measures are introduced, they will probably reduce the amount of compensation that people seek and to which they would otherwise be entitled. Again, we shall need a generous, understanding approach, which is not what people in the area are getting at the moment.

I can quote someone who is most certainly not a supporter of mine. Mr Stanley Johnson, the father of the Mayor of London, is if anything more opposed to HS2 than I am, and I did not realise there was any space to the opposition side of me on this question. Lots and lots of people are very concerned about the damage that will be done and the need for sympathetic, purposefully designed mitigation measures to go with the sympathetic, generous, purposefully designed compensation measures. I think the right hon. Lady will agree that, roughly speaking, that is why we have tabled the amendment.

Mr Burns: I fully appreciate the importance of mitigation. As the right hon. Gentleman said, if it is got right, mitigation can actually save money because one does not have to pay compensation. That is a powerful argument for mitigation where it is practical and possible. Members will be aware that the Government appreciate that this project will have significant impacts on residents. For that reason, we have already undertaken a substantial amount of work to seek to mitigate the impact of HS2 as far as reasonably practicable.

If one goes outside London and urban areas, I have seen for myself a lot of mitigation that has been taken by HS2 Ltd in discussions and consultation with local communities or organisations, be they the Royal Society for the Protection of Birds, the Woodland Trust, the Campaign to Protect Rural England, or whatever. I have seen where they have been able to make changes and do some fine tuning—introduce or enhance a green tunnel, for example—so as to mitigate some of the visual and other impacts on the environment. HS2 Ltd is also deeply committed, where it is not possible to avoid damaging the environment in rural areas, to do all it can thereafter to repair and make better the damage that has been done, where that is feasible. We are acutely aware of the responsibilities we have to the environment and we are trying to mitigate.

Another thing we plan to do through HS2 is plant 4 million trees along the line of route, partly to hide the visual impact, where necessary, partly to muffle noise, but also to help the environment along the route.

Mrs Spelman: I am encouraged to hear what my right hon. Friend is saying, and obviously it will stand as a record in the *Hansard* report, but would he consider reflecting his words in the Bill? When we are thinking

about reporting to Parliament, we could, on an annual basis, report on the mitigating measures taken to protect the environment—essentially, on how the natural capital expended each year will be mitigated.

Mr Burns: I would not want to write that into the Bill, but I would certainly be prepared to give further consideration to whether that could be included in the annual report that my right hon. Friend the Secretary of State will be required to produce by statute each year from 2015. We will come to that later in the Bill. It is important that we have that responsibility, and as I said in an earlier debate, we cannot always avoid changing the environment significantly because of the nature of the project, but we can work as hard as possible to minimise or repair the damage. About two weeks ago, the hon. Member for Nottingham South and I attended a very good debate in Westminster Hall about the mitigation that is being taken where there will be damage to ancient woodlands along the route. There is an awareness at HS2 Ltd and the Department for Transport of the need to work closely with local communities and other organisations in the countryside.

4.45 pm

The right hon. Member for Holborn and St Pancras rightly raised, as a constituency MP and a member of this Committee, the need for mitigation in urban settings. We are committed—I am personally committed—to doing all that we can to increase the mitigation where possible. We recently finished our design refinement consultation, which is a clear demonstration of our commitment to getting the design right, within the context of the environment where the building work is being done, to minimise problems. Traffic flows, lorries dealing with rubble waste and so on, which he mentioned, and possibly working patterns—if there is a realistic expectation—can all be looked at and considered to minimise problems for local communities.

On top of that consultation, we have published our draft environmental statement to identify the effects of the scheme on things such as the environment, heritage and air quality. By understanding what the impacts are, we are in a better position to mitigate them. What is most important is not so much putting something in the Bill, because I am not sure that that is always realistic or necessary, but a desire to, and recognition that we must, take people with us when we are trying to do something—discuss and negotiate to come up with ideas, whatever they may be, to mitigate any potential problems at the time of the building work. That is the way forward and how the Department for Transport expects HS2 and the project to progress further and minimise, where possible, the greater problems of the day-to-day building of the rail link—the tunnelling and everything else involved.

Jim Shannon (Strangford) (DUP): I have a question about the Minister's statement. HS2 obviously does not affect Strangford, but I am interested in the environmental impact, which he referred to in his last comment. He mentioned 4 million trees being planted to create the habitat that might be lost. Can he confirm that those 4 million trees and that habitat will be a managed habitat, or will they be left to their own devices? In other words, will they just be left to grow?

Mr Burns: If I remember correctly, the hon. Gentleman popped into the Westminster Hall debate on high-speed rail and ancient woodlands. He did not stay for long, but if he had had the opportunity to read the whole debate, he would have seen that a considerable amount of work is going on to ensure that there is management, which is being done proactively. In some cases, the effects will improve on the current situation, because some woodlands are not in as good a condition or being managed as well as they could be. By concentrating attention on the ancient woodlands along the line of route, we are able to identify such areas. Where they are affected by the route, remedial action will be taken to ensure for the future that they are managed properly and restored in the different ways that we discussed during the Westminster Hall debate. One would hope that in those cases, the situation afterwards would be better than it was before, but unfortunately that will not be the case all the time, and that point was picked up in the debate. For the reasons I have given, I hope that my right hon. Friend the Member for Meriden feels able to withdraw her amendment.

Mrs Spelman: I am encouraged by what I have heard in this debate. It is important for all those who are concerned about the impact on the environment and nature to hear the Minister say, in a debate that is being broadcast and which will be recorded in *Hansard*, how seriously the Department takes the need to restore and mitigate, and to give an account of that to Parliament.

The Minister has heard from the right hon. Member for Holborn and St Pancras and myself how important the mitigation is and how early settlement or early negotiation of mitigation can protect the public purse.

I am prepared to beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mrs Spelman: I beg to move amendment 4, in clause 1, page 1, line 22, at end insert—

(4A) In incurring any expenditure mentioned in subsection (4) the Secretary of State or any other person authorised by the Secretary of State to incur such expenditure shall be under a duty to act fairly towards the owner of any property being acquired and any claimant for compensation.

(4B) The Secretary of State shall issue a code of practice specifying how the duty referred to in subsection (4A) is to be discharged.

(4C) The code—

- (a) shall not be issued unless a draft has been laid before Parliament, and
- (b) shall come into force in accordance with provision made by order of the Secretary of State.

(4D) The Secretary of State shall from time to time review the code and may revise and re-issue it following a review; and a reference in this section to the code includes a reference to the code as revised.'

The amendment is designed to introduce a duty to act fairly towards the owner of any property being acquired and any claimant for compensation. The Committee has heard at some length from myself and the right hon. Member for Holborn and St Pancras that there is some practical experience in our constituencies, where our constituents feel that they have not been treated fairly so far. We have been encouraged to hear

the words that the Minister used about generosity and fairness. Essentially, that is what the amendment seeks to achieve.

The amendment would compel High Speed 2 to consider the impact on property owners, farmers and businesses and to mitigate the scheme's impact on their properties and businesses, not just to rely on a rather outdated existing compensation code. Having dealt with compensation for other infrastructure projects in my constituency during almost 17 years, I have to say that my experience has been of an over-zealous approach based on the need to pay as little as possible, or on what people could get away with in terms of compensation, in relation to, for example, the M42, which goes through my constituency. We heard from the Country Land and Business Association that compensation claims are still outstanding along the route of High Speed 1.

The language that the Minister has used in the Committee has been distinctly different and encouraging.

Frank Dobson: Does the right hon. Lady agree that changing the mindset might save money and would certainly save time? A long time ago, when I was leader of Camden council, Camden was far and away the most efficient at dealing with housing benefit applications. It spent the least on it and got the fewest problems. People were dealt with quickly. Then it suddenly improved beyond even that, the reason being that the person who took over said, "Let's change the mindset. Instead of trying to make sure Mrs Jones doesn't get a penny more than she is entitled to, let's try the other approach and ensure that Mrs Jones does get every penny she is entitled to." That turned out to be quicker and it saved money and was altogether more efficient. Perhaps a mindset change would do the same here.

Mrs Spelman: I thank the right hon. Gentleman for his contribution. Of course, anecdotally, the building of the high-speed line in northern France was an example of a generous approach resulting in much less contentious claims for compensation.

Perhaps I am giving the Minister a clue about a way to respond to my amendment that would give me some comfort and satisfaction. To be fair to the Government, the publication of the draft environmental statement was, in a way, going the extra mile. They were not obliged to publish the environmental statement in draft. That has given all concerned and affected an opportunity to see with greater clarity how they will be impacted. However, the fact that it is in draft means that, when the final environmental statement comes back, it could come back with mitigations and ameliorations that might make sure that the duty to act fairly towards those affected can be manifest in the final environmental statement.

The draft environmental statement was for many the first indication of the extent of the scheme. However, there has been some disappointment—certainly in my constituency—that attempts to quantify the impacts on those affected have missed the opportunity of offering mitigation. Some businesses are also disappointed that the business information contained in that draft environmental statement is inaccurate. Unfortunately, the environmental statement is only a partial picture of the full extent of the impact. Throughout the past two

years, landowners and property owners have allowed survey work to be carried out, but no decisions have been taken on how to mitigate the long-term impact that High Speed 2 will have on their businesses.

High Speed 2 has concentrated its efforts on community impacts. That is to be welcomed but, as I said earlier and at the evidence-taking sitting, some landowners will require some bridges and underpasses so that the severance of their land does not, in fact, render their business unviable. I hope that the Minister will respond by saying that, in moving from a draft environmental statement, which is being consulted on, to a final environmental statement, a duty to act fairly will be manifest in how the Government finally respond to the environmental statement. I believe that a duty to act fairly would reflect much more accurately the tone that the Minister has used in the Bill.

One other thing that would give real expression to a duty to act fairly would be a right of appeal to an independent body on the level of compensation that is provided. When the property bond scheme was being proposed by Birmingham airport as a form of compensation for the impact of a second runway, it was recognised voluntarily by the airport that there should be an independent right of appeal. A right of appeal to a body, independent of the Government, would give tangible expression to the duty to act fairly that I am seeking from the Minister today.

Mr Burns: I wish first to reassure my right hon. Friend that I strongly believe—as our debates on compensation have shown—that the Government are already committed to acting fairly and providing compensation for those affected by the proposed route for High Speed 2. One of the examples of that is the fact that the Government brought in the exceptional hardship scheme. I have heard criticisms from some hon. Members about the scheme. The bottom line is that we were under no obligation to bring in the exceptional hardship scheme, but we believed that it was the fair and right action to take as a short-term measure because people in the early years before a full compensation scheme was put in place would be adversely affected when they needed to sell their homes. That is why we did it, and it showed our commitment and our intent to be fair.

As I have said, we remain robust in our commitment to ensure that compensation is both generous and fair. My right hon. Friend the Member for Meriden made a reasonable point that there should be a right of appeal when there are problems. With the EHS, we have in one way reflected that plea in so far as, under the scheme, applications are judged against set criteria. There are several issues whereby people have to fulfil circumstances to qualify for the scheme, and they are considered by a board consisting of one member of HS2 and two independent members. The matter is then passed to a decision maker, a senior civil servant at the Department for Transport, who can either agree or disagree with the board's decision. Should they disagree, the matter comes to the Secretary of State, although for the last 10 months, it has been to me.

5 pm

Certainly, I would be surprised if anyone was particularly unhappy about the decisions I have taken in all the cases that I have dealt with. If my right hon. Friend is

making a case for an appeal systems, a case could be argued by those who are taking part in the consultation process on the compensation scheme. They should use the consultation scheme to argue not only for what I suspect in my right hon. Friend's case would be a property bond system but for an appeal system, if she felt that it was needed. There would be less need for a property bond system. In a way, mitigation is part and parcel of a compensation scheme; she and others might want to make the case in the consultation that there needs to be an appeal system. I cannot say whether that would be successful at the end of the consultation, when final decisions are taken, but if she contributes to the consultation, the idea may be considered, although whether successfully remains to be seen.

It would be inappropriate for me to prejudge either way at this stage, but I think that would be the right way forward, rather than the amendment, which I do not think works as my right hon. Friend thinks it might, because there is another problem. If a new code of practice defining fairness would not be appropriate without the proper analysis and consultation, we would need to consider the potential impact that the code would have on the infrastructure project. It would have a direct effect on the nature of the property compensation measures that we are already planning to consult on. That could cause an unacceptable delay to those plans. The one thing we do not want is to think up another idea that needs to go through certain procedures, processes and consultations that would delay the consultation on the main compensation scheme. I therefore ask my right hon. Friend to withdraw the amendment.

Mrs Spelman: The Minister is right: at the moment, when constituents are unsuccessful in their pursuit of exceptional hardship status, the appeal is to the Department for Transport. From all the cases that I have presented, only one of my constituents has managed to secure any compensation. That has affected the credibility of the scheme that I recommend that my constituents use. When the Department consults on the compensation scheme, I am keen for it to include a question about the appeal and the body to whom one should appeal. Our constituents would find it quite difficult to separate High Speed 2 Ltd and the Department for Transport. They are, in their mind, interdependent, rather than independent. If the Minister could give me an assurance that there will be a question in the consultation that will allow people taking part to express a view on the right of appeal, I would be willing to withdraw my amendment.

Mr Burns: I can certainly give my right hon. Friend an assurance that we will seriously consider her suggestion.

Mrs Spelman: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

The Chair: Members have indicated that they wish to have a clause stand part debate on clause 1 to discuss the wider economic benefit for HS2, so we shall have one. I remind Members to keep within the scope of the Bill.

Question proposed, That the clause stand part of the Bill.

Mr Burns: I do not want to detain the Committee long, because we have had a considerable debate in both our sittings today, in which we covered several issues of importance to the Committee. Some of those matters arose significantly during the evidence sessions; it was nice to rerun them, although how successful that was from the point of view of the hon. Member for Livingston remains to be seen.

Graeme Morrice: Our day will come.

Mr Burns: Let us not prejudge any preliminary work. Clause 1 is the nub of the whole purpose of this short Bill, which will enable the Secretary of State, whether that is the current one or a Secretary of State in 10, 15 or 20 years' time—to spend money on preparatory work for the establishment of a high-speed rail system in this country and on any further projects that flow from that. A future Government would not have to come back to Parliament with a similar piece of legislation, because it would be able to use this one.

We have established through debate on the clause that we are talking about preparatory work—whether it be architects' designs or designs of rolling stock—and, most importantly, compensation, which is currently being paid out of general DFT funds through the exceptional hardship scheme. Crucially, as has been made quite clear, we are not granting the Secretary of State or the Government money to start building the railway. Our discussions about compensation have been detailed, because the topic is uppermost in many people's minds, particularly if they are directly on the line of route or just beyond the safeguarding areas. I understand that, and I understand that my right hon. Friend the Member for Meriden and the right hon. Member for Holborn and St Pancras have been so particular and persistent in raising this issue because they are reflecting their constituents' concerns.

My key message to the Committee is that the Government are determined to be fair and generous in the compensation that finally emerges. We have accepted the judge's decision on the flawed process for the first consultation on the compensation scheme, so we are in the process of putting together the measures that will allow us to hold a consultation later this summer that meets the criticisms of the judge in the judicial review decision on a proper compensation scheme for HS2.

In conclusion, we anticipate that there will be considerable interest in the consultation process. I suspect that many contributions will be made on a range of ideas, from a property bond, which my right hon. Friend and the right hon. Gentleman raised, to other forms of compensation. I assure the Committee that all the responses to the consultation will be fairly and properly considered before the Government reach a final decision on what they believe is the fairest and most generous scheme. I urge the Committee to support clause 1 so that we can move on with proceedings and get the Bill on to the statute book as soon as possible.

Lilian Greenwood: We have debated a number of important amendments to clause 1 that have touched on many of the issues at the heart of the Bill. I welcome this clause stand part debate, because it allows us a final opportunity to set out clearly to our colleagues in

Parliament and the wider public the principles on which the development of a high-speed rail line rests and why expenditure on its preparation should be authorised in the Bill, particularly in clause 1.

This morning we discussed at some length the capacity benefits that the line will bring. I do not propose to go over that ground again, but I think it a pity that the Bill seems set to pass through Committee without the insertion of the word "capacity". Members from all parties who support the project must ensure that we make the capacity arguments as strongly and effectively as we can, and I have no doubt that we look forward to returning to the issue on Third Reading.

Another important issue that came out in the evidence sessions last week was the benefits that accrue to towns and cities not directly on the new lines. As the new north-south rail line will be fully integrated into the existing network, as set out in clause 1, passengers will be able to travel on new high-speed trains to at least 28 towns and cities without changing trains, including to eight of the UK's 10 biggest conurbations. It is worth repeating that not only Birmingham, Manchester, Nottingham, Derby, Sheffield and Leeds but Liverpool, York, Newcastle, Glasgow, Edinburgh and other towns and cities throughout the country will benefit from better connectivity and faster journeys. It is vital that we bust the myth that the whole country will not benefit from the new investment.

As we heard last week—the Government must do far more to explain and evidence this—the improved connectivity has the potential to rebalance our national economy, encouraging and supporting growth and job creation in the great cities of the midlands and the north and, if we create the right conditions there, the wider regions.

As we heard from Professor Peter Hall, the connections in the classic network outlined in subsection (2)(b) must be carefully planned, as must connections to light rail systems such as the Birmingham metro and the Nottingham tram. It will be interesting to consider how Sheffield Meadowhall station might be served by tram trains. Professor Hall warned that HS2 Ltd

"have failed to consider the wider benefits that could arise from integrating their railway with the classical railway system."—[*Official Report, High Speed Rail (Preparation) Public Bill Committee*, 11 July 2013; c. 106, Q185.]

That is particularly concerning, as HS2 Ltd has published proposed inter-city service reductions on the classic network that led to considerable negative local coverage, but has not communicated adequately the improvements that could be made to local services, a point made by Passenger Focus when it gave evidence last week.

We hope that the Bill will be passed, and that Ministers and the Secretary of State will interpret subsection (2)(b) in its broadest sense and begin to prepare for service improvements and make the case more strongly for their benefits, as the links between the high-speed and classic networks will be crucial if we are to facilitate regional growth. We know that such growth will not happen by accident—the evidence that the Committee heard from Professors John Tomaney and Peter Hall made that clear—but provided that investment is also made in regional transport networks, there is potential to secure economic benefits. That is why subsection (2)(b)

is important in committing the Government to ensuring that the new high-speed line connects with the existing railway transport network.

5.15 pm

Although Professor Tomaney might be described as an HS2 sceptic, he gave evidence from his research examining high-speed systems across the world that concluded that connectivity to regional hubs is vital. Regional stations are extremely important if we are to have the chance to generate wider benefits. One witness last week suggested that high-speed rail would simply shift jobs from some areas of the country to others.

A report from January 2010 commissioned by Greengauge 21 looked specifically at the consequences of high-speed rail for employment and economic growth. It is worth examining that report, although it would be good to see an updated version now that we have the preferred route for both phases. It concluded that improved rail connectivity can drive long-term changes in productivity and employment and contribute to economic growth. It estimated that the high-speed rail network could contribute between 25,000 and 42,000 additional jobs in Britain. KPMG, which carried out the report for Greengauge 21, only modelled those jobs that would be generated by domestic residents entering the labour market, reducing unemployment, but expected that attracting outside investment to the country could give rise to a further positive impact on employment, so the effect on jobs could be higher than estimated.

The Government suggested that 100,000 jobs would be created with high-speed rail. In continuing to make the case for the programme that we are on the verge of agreeing expenditure for, it would be helpful to say how many of those jobs will be created in London, rather than in the other regions of the UK, and how many of the jobs associated with construction and the procurement of rolling stock will benefit the UK, rather than going to countries outside the UK. I appreciate that measuring indirect job creation is difficult, and we have tabled an amendment to clause 2 on that point, but the Minister could tell us about current estimates for direct job creation on both phases of the route.

Mr Burns: But that is clause 2, not clause 1.

Lilian Greenwood: I am trying to be helpful to the Minister by setting out our support for the Bill. I will continue to relate my comments to clause 1, which after all gives authorisation to the Government to continue preparation for the high-speed network. It is important when we establish that authorisation, however, that we are absolutely clear about why we are supporting it.

The KPMG research also concluded that the economic impacts would be larger in the north, with the largest productivity and employment gains in Yorkshire and the Humber, Scotland, the north-east, the north-west and the east and west midlands. It is worth reinforcing

the point that areas not listed in subsection (2)(a) stand to benefit from the construction and operation of the project.

The connectivity must be there, however, to realise the gains. As the Transport Committee concluded some time ago, if high-speed rail is to reach its full potential, the network must be accompanied by complementary regional and local strategies for housing, transport, skills and employment. In particular, the Select Committee recommended that the Government support local enterprise partnerships, integrated transport authorities and combinations of such bodies to produce and fund such plans. That point was accepted by the Government in their response to the Transport Committee report. It would be helpful if the Minister were to say more about how he will ensure that HS2 is integrated not only with the railway network, but with wider economic development planning, which he is obviously doing in consultation with other Ministers, including those responsible for housing, employment and skills.

I do not intend to say any more on the compensation consultation, which we look forward to, because it has been well explored this afternoon. The Opposition have made it plain that we support the development of a new north-south rail line. We agree that such a line should take advantage of the latest high-speed rail technology to reduce journey times between our towns and cities significantly. Despite our concerns about how some aspects of the project are being taken forward, Labour will support the legislation that enables further public investment in the scheme and we support clause 1.

We are disappointed that, after some years of delay, there is little realistic prospect of the hybrid Bill, which will provide parliamentary approval for phase 1 of the scheme, being secured in this Parliament. Unfortunately, it is not only the official Opposition who have expressed concerns about the ability of Ministers, the Department for Transport and HS2 Ltd to put in place the foundations for successfully delivering the project. As we heard in evidence to the Committee last week, significant concerns have been expressed by the National Audit Office. We look forward to hearing from Ministers about how they intend to address those points, in particular the engagement of HS2 Ltd.

The clause authorises the Government to undertake expenditure in preparation for a new north-south network, which we support, but we must have continual and effective scrutiny. Ministers must ensure that the case for this essential project is made at every opportunity.

The Chair: Does the Minister wish to wind up?

Mr Burns: No, thank you.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

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

5.21 pm

Adjourned till Thursday 18 July at half-past Eleven o'clock.

Written evidence reported to the House

HSR 13 Rail Freight Group

HSR 14 Heathrow Hub Ltd

HSR 15 Woodland Trust

HSR 16 Airport Operators Association

HSR 17 Dr Paul Harlow

HSR 18 BiblioFox Research

HSR 19 Tonge and Breedon HS2 Action Group

HSR 20 David Richards

HSR 21 David Dundas

HSR 22 Andrew Cordiner