

## **Conclusions and recommendations**

### **Government transport policy**

**1.** The absence of a transport strategy makes it hard to assess how HS2 relates to other major transport infrastructure schemes, regional planning and wider objectives, such as bridging the north-south divide. This seems to have deterred some groups, which might otherwise have supported HS2, from doing so. The biggest single transport investment proposed in this Parliament should be grounded in a well thought-through strategic framework and we are disappointed that the Government has not developed a strategy for transport, particularly after it rejected our earlier recommendation to publish a White Paper on transport and the economy. (Paragraph 20)

**2.** The Government is due to publish several important policy documents soon, including a White Paper on its proposals for controlling costs in the rail industry; a 'sustainable framework' for aviation; a National Policy Statement for road and rail networks; and a revised National Policy Statement for Ports. The development of what could emerge as separate strategies for rail and aviation again highlights the absence of an overall transport strategy: this is a lacuna which must be filled. We recommend that if the Government decides to proceed with HS2 it should, in announcing that decision, set out in more detail than is available in the DfT's business plan not only why HS2 is desirable but also how it fits within an overall transport strategy. We also recommend that the forthcoming White Paper on rail and the sustainable framework for aviation fully reflect the impact on both modes of the creation of a high-speed rail network in the UK. This country has often failed to invest in transport infrastructure because all party agreement could not be reached. We have one of the lowest motorway densities in Western Europe, insufficient airport capacity in the south east with inadequate road and rail connections and our rail network is mainly a legacy of Victorian investment. Having all-party support should be seen as an advantage for this scheme. (Paragraph 21)

**3.** It would be unacceptable and counterproductive if investment in HS2 led to a diminution of investment in other parts of the rail network. The previous Secretary of State for Transport has told us that, assuming the costs are spread over some 17 years, HS2 is affordable and that current levels of investment in the "classic" network can be maintained into the future. We expect the Government to uphold this statement. The Government has the opportunity to secure future levels of rail spending in the next spending review period by means of the commitments it makes in the forthcoming High Level Output Specification and Statement of Funds Available for Control Period 5 (2014-19). These are due by July 2012 and will be an acid test of the Government's commitment to investment in today's railway as well as in high-speed rail. (Paragraph 26)

4. We recommend that, if the Government decides to go ahead with HS2, it should, in announcing that decision, publish a summary of the financial case including the assumptions which persuade Ministers that the scheme will be affordable alongside sustained investment in the classic network. We consider that this could usefully include details of the projected capital and revenue expenditure profiles; how these compare with assumed DfT spend profiles for the rest of the rail network and for the rest of transport; and any underlying assumptions about financial contributions to HS2 from non-DfT sources. We further recommend that alongside the summary financial case the Government should announce its priorities for funding in Control Period 5 (2014-19) as part of its High Level Output Specification and Statement of Funds Available in order to meet anticipated passenger and freight capacity constraints on the classic network up to the projected start of HS2 in 2026. (Paragraph 27)

### **Meeting future transport needs**

5. Demand management, such as peak and off peak pricing, is already an integral element in the way that train services are planned and operated. It is, however, in our view, largely a tactical approach and not a long-term solution to serious mismatches of supply and demand. If capacity is seriously constrained, growing demand can be managed only by means of ever higher ticket prices or increasing restrictions such as compulsory seat reservations, neither of which are acceptable as a long-term approach to rail service provision. (Paragraph 43)

6. The debate on capacity seems to us to reveal two contrasting views. On one view, rising demand on the West Coast corridor is essentially a problem, to be tackled by least-cost incremental improvements coupled with measures to suppress demand. On the other view, rising demand is, for strategic reasons, to be welcomed and indeed fostered. As noted in Chapter 2, we consider that the Government needs to explain more clearly this strategic case and in particular why such arguments do not apply to road and air transport. Provided this is done, we support the step change that a high-speed rail link between London, the Midlands, the North and Scotland could bring to the capacity, quality, reliability and frequency of rail services between our major cities, and to those served by the existing WCML. Whilst the alternatives proposed by groups such as 51m offer substantial additional passenger capacity, they are not of the same scale as HS2. The rapid growth in passenger numbers over the past 15 years shows the need to plan on a larger scale and for the long term. We do not wish our successors to be faced with a situation in ten years' time where demand has continued to grow but insufficient time remains to provide the necessary capacity. We call on the Government to set out a clear and comprehensive long-term strategy for transport and the place of high-speed rail within it. (Paragraph 44)

### **Economic impacts**

**7.** The evidence we have received and our visit to France and Germany lead us to two conclusions about the potential of HS2 to stimulate national and regional growth. First, it is obvious that the economic impacts of high-speed rail can vary and are not easily predicted: only time will tell whether or not HS2 will, for example, help to rebalance the economy and reduce the north-south divide. Our judgement is that HS2 could indeed be the catalyst for these economic benefits. Our second conclusion, from the experience of France and elsewhere, is that if high-speed rail is to realise its full potential the Government's plans for HS2 must be accompanied by complementary regional and local strategies for transport, housing, skills and employment. Under current Government policies, the responsibility for producing such plans rests with local economic partnerships, integrated transport authorities and combinations of such bodies. Support—not least with funding—will be needed from the Government. We call upon the Government to recognise this as a priority. (Paragraph 58)

**8.** The case for investing in a high-speed line between London and the West Midlands depends largely on the assumption that the full Y network will be completed. Whilst we can see that the benefits of a more extensive high-speed rail network, embracing Manchester and Leeds, are likely to be greater than those of the London-West Midlands line alone, it is disappointing that even basic information on the Y network, such as the number and location of stations, was not available during the public consultation or during our inquiry. We believe that there should be an urgent strategic appraisal of phase II before a final decision on phase I is taken. It is also disappointing that as a major justification for HS2 phases I and II is the rebalancing of the economy, a full assessment of the case for building north to south has not been undertaken. This work should be carried out as a priority. (Paragraph 63)

**9.** A high-speed line offers potential economic and strategic benefits that a conventional line does not. These include a dramatic shift in connectivity between the UK's major cities and improved access from the regions to Heathrow and continental Europe. These are in addition to the time savings and crowding benefits outlined in the Government's economic case. It seems clear, therefore, that if a new line is to be built, it should be a high-speed line. It is possible however, that very high speed (250 mph) may have been given an undue emphasis as a result of the particular appraisal method used as part of the economic case. It may be that a high-speed line operating at less than 250 mph may offer greater opportunities for noise and environmental impact mitigation, as well as an opportunity to follow existing transport corridors. We are concerned that the decision to build a 250 mph line has prematurely ruled out other route options such as building HS2 alongside an existing motorway corridor such as the M40 or M1/M6. (Paragraph 68)

**10.** The economic case for HS2 has a double importance. Not only does it purport to assess whether HS2 is a good investment, but it also significantly influences the scheme design. The robustness of the methodology is therefore

critical. We note the debate over whether it is appropriate to attach so much weight to travel time savings and whether other approaches, including a higher valuation of reduced crowding or impacts on Gross Value Added, should be used as well or instead. We conclude that it is disappointing that a major strategic scheme, with the potential to grow and rebalance the economy and to address major capacity issues, is being designed and assessed to a large extent on the basis of the value of travel time savings, which are not universally accepted. When HS2 Ltd provides the updated economic case to the Secretary of State for Transport later this year, it should provide a comparative assessment on the basis of reduced crowding, with a lower value attached to time savings. The implications for the scheme design should be made explicit. This should also be applied to any assessment of alternatives to HS2. (Paragraph 69)

### **Environmental impacts**

**11.** The Government needs to make clear how HS2 fits into its wider aviation strategy. It is not clear that even the Y-network will substantially reduce demand for domestic aviation. We note that Lord Mawhinney's report into whether Heathrow should be on the high-speed network only found against the idea when assessing it on the basis of it ceasing at Birmingham: "... a direct high-speed link to Heathrow fully funded from public expenditure, in the context of a high-speed rail network extending only to the Midlands, is not likely to provide a good return on the public expenditure entailed." We would encourage the Government to reassess this proposal based upon the assumption that the network will extend to Manchester and Leeds. (Paragraph 76)

**12.** Some supporters of HS2 have argued that it would have substantial carbon-reduction benefits. These claims do not stand up to scrutiny. At best, HS2 has the potential to make a small contribution to the Government's carbon-reduction targets. Given the scale of the expenditure and the official assessment, HS2 should not be promoted as a carbon-reduction scheme. However, if the Government's primary aim is to meet and reinforce demand for inter-urban travel, HS2 will produce less carbon than an expanded motorway network or a reliance on domestic aviation. It is important that the Government makes rapid progress with reducing carbon emissions from UK electricity generation. (Paragraph 77)

**13.** We recognise that HS2 is likely to have substantial impacts on the countryside, communities and people along its route. It is unfortunate that a direct route between a station to the west of London and the West Midlands crosses the Chilterns AONB—a national asset. Because detailed assessments have not been undertaken, it is difficult to be clear about the precise scale of the impacts or the effectiveness of mitigation measures. Our visit to the Arup sound laboratory suggests to us that noise impacts may be less than feared but for other factors it is impossible to tell. We recommend that the revised business plan for HS2 should take account of the Government's new approach to economic appraisal, which places a monetary value on natural capital. It should

also make explicit whether this approach would suggest changes to the alignment or design of the route proposed by HS2 Ltd. We would encourage the Government to place greater emphasis on following existing transport corridors. (Paragraph 83)

**14.** It is disappointing but perhaps unsurprising that DfT and HS2 Ltd have not been able to reach agreement on technical issues with major objectors such as 51m and those with statutory roles such as the Chilterns Conservation Board and National Trust. We do not pretend that any consultation process could have led to opposition melting away but some factual issues might have been resolved and areas of disagreement narrowed. It is also of concern that the Government intends to reach a decision on whether to proceed with Phase I before information on the Y network is published and before many of the environmental impacts for both phases are clear. We recommend that no decision is taken until such strategic information on Phase II is published, appraised and consulted upon. (Paragraph 87)

**15.** What should have been a serious and factually-based debate about how best to address the transport, economic and environmental challenges of HS2 has too often been reduced to name-calling and caricature: Luddites, NIMBYs and white elephants fought out a battle of "jobs versus lawns". We urge the Government to desist from disparaging opponents of HS2 as NIMBYs and for both sides in the debate to show respect for each other and to focus on the facts. (Paragraph 89)

### **The strategic route**

**16.** The Government should engage with Network Rail to identify whether there are affordable options, including rolling stock, infrastructure or timetable improvements, which would enable more peak-time capacity to be provided for Milton Keynes and Northampton commuters in the interim period. (Paragraph 94)

**17.** The implications for the development of the classic rail network and service patterns on it once HS2 is in operation have not been made sufficiently clear. HS2 offers potential for many additional local and regional services on the classic network. However, a lack of information has caused concerns in cities such as Coventry and Stoke that they will lose out. We recommend that the Government, in announcing its decision on the HS2 consultation, provides a more explicit and comprehensive statement of the likely patterns of services on the classic network once HS2 is operational. (Paragraph 95)

**18.** We are concerned that a Heathrow spur or loop, in addition to a main HS2 line, may prove more costly than a single line via Heathrow and that the proposed 2 trains per hour would not provide Heathrow with a sufficiently frequent service. Moreover, no direct HS2 Heathrow connection is planned until 2032 at earliest and the route was not part of the public consultation. We note

elsewhere the questions that have been raised about the need for a HS2 station at Old Oak Common. We recommend that the Government set out more clearly for comparison the costs and benefits of routing HS2 via Heathrow (and of making it the principal interchange to the west of London) so that there can be a better understanding of the pros and cons of different options. We also recommend that the Government makes a clear statement about the status of possible complementary schemes such as those which would link Heathrow to GWML from the west or to Gatwick. It is unacceptable for debate on such major decisions to be conducted through a series of nods and winks in the press. (Paragraph 104)

**19.** The London end of the HS2 network is the most complex and expensive part of the scheme. Various options were suggested during the earlier stages of project development and we note that significantly different arrangements are still being proposed, including from members of the HS2 strategic challenge panel. Some of these involve a lesser role for Old Oak Common, a new role for the redundant Stratford International and alternative ways of linking HS2 to HS1. Another option could be to terminate HS2 at Old Oak Common, with passengers transferring to central London via Crossrail, thus avoiding significant capital costs of building the line between Old Oak Common and Euston, and tube capacity improvements at Euston. The Government's principal rail consultant, Atkins, has also made suggestions for improving integration with the classic network. If the Government decides to proceed with HS2, it must explain in detail not just why it favours a particular scheme but why that scheme is better than alternative solutions, including those put forward by the Government's own advisers. There must be a greater degree of consensus on these issues—many of which are technical—before Parliament is asked to consider a hybrid bill. (Paragraph 107)

**20.** For reasons of cost, financing and management, the HS2 network should be built in phases. Despite pleas from some in Scotland and the north of England to build southwards from the north, it seems clear that construction should start with the London-West Midlands phase as this is where capacity needs are greatest. There is no reason, in principle, however, why the Scottish Government should not start preparatory work on a Scottish high-speed line, if it so wishes. We are concerned, however, about capacity to the north of Lichfield, in the interim period between Phases I and II, and about the lack of HS2 services to Leeds and beyond until 2032. We recommend that these aspects be considered further, including the possibility of a connection between HS2 and the Birmingham-Derby line and Midland Main Line in Phase I to provide access from the north east. (Paragraph 111)

**21.** Operating 18 trains per hour on a high-speed rail line has not been attempted elsewhere. This frequency and train speeds of 225 mph or more are risk factors for the project. Failure to deliver this frequency would also affect the business case. We recommend that the Government publishes full details of the

technical basis for its assertion that 18 trains per hour, or more, are feasible. (Paragraph 116)

**22.** We also question whether the system is being designed with sufficient margin for expansion. If 18 trains per hour are required from the opening of Phase II, it is surely conceivable that further services may be desirable at some point after that. Apart from the ability to increase the number of trains formed of double sets, the current proposal does not appear to provide for this possibility. The Government argues that there are no circumstances in which four tracks would be needed and it is not providing for that eventuality. It appears that, should additional capacity be required, a new high-speed line, probably linking London, Stansted, Yorkshire and the north east, would be its preferred option. (Paragraph 117)

### **Conclusions and way ahead**

**23.** We believe Lord Adonis's view has merit and, as a minimum, the Government must firmly commit to the Y network before seeking Parliamentary approval for HS2. It should also clarify those works that will be included in Phase I to enable Phase II to proceed, including any works to facilitate interim arrangements. We further recommend that the Government should include a purpose clause in the hybrid bill authorising the construction of the HS2 line from London to the West Midlands, which provides statutory force to its commitment to continue the high-speed rail network at least as far as Manchester and Leeds. We recognise that this would not bind a future Government but it might provide greater clarity and momentum. Our suggested wording is as follows: "This Act provides for the first phase of the construction of a national high-speed railway network, the second phase of which will involve the construction of lines from the northern end of the HS2 line to Manchester and Leeds by 2032." Work on a second bill should commence now so that, if necessary, the bills could be combined at the start of a new Parliament. (Paragraph 122)