

HS2: Opinions? Or Facts??

Benefit Assumptions

Business case assumes:

Same average fares and fare structure as conventional trains.

209% ↑ in passengers by 2043

30% of these are anticipated to be **business travellers**. The rest, leisure

Business traffic has been used to underpin most of benefit assumption....

Out of the total benefits claimed for HS2 Phase 1 (£20.6bn), **£17.5Bn** is associated with **travel time savings** - based on the assumption that train time is totally non-productive for business people.

Then this apparent "time saving" been valued using income level of **c£70,000pa**.

Time savings costed are based purely on HS2 rail travel times and don't include the **additional** time that will be spent getting to limited numbers of HS2 stations OR the link times between stations e.g. Birmingham New Street to Curzon Street

So there are four key questions:

- 1. Do we really believe passenger numbers will ↑ to amount predicted?**
 - UK has historically over-estimated passenger forecasts. M6 Toll; HS1 f/cast = 25m, actual <10m
 - Several US states pulling out of President's HSR programme
 - Taiwanese HSR not attracting forecast numbers
- 2. Do we think all those business people will sit doing nothing on the train?**
- 3. Do we think the ave person travelling on a train for business earns £70K?**
 - We're talking the average of all rail travellers, not just first class
- 4. Would we expect to see a sensitivity analysis on these key variables?**
 - There is no available sensitivity analysis on critical variables such as passenger numbers or journey time or average income. The Transport Select Committee Inquiry has recognised this and has recommended questions for the committee to thoroughly test the benefits case.

What about job creation?

HS2 Ltd estimates that: HS2 Phase 1 (London to West Midlands) could support around 40,000 jobs.

But of these, 25% would be **redistributed** construction jobs (for those currently employed on Cross Rail) and 1,500 would be jobs in operation and maintenance

HS2 think the rest, around 30,000 jobs, could be generated around the HS2 stations, but they say that **22,000 of those will be in London** and just 8,000 in Birmingham

HS2 Ltd has not felt able to quantify ANY additional job growth attached to the wider economic impacts.

Costs assumptions

Projected Costs for the 'Y' network = £30bn¹ capital plus £17bn operating cost.

The government believe that some of the capital cost will be covered by investors and hope that the government's net capital cost will be nearer to £17Bn.

Even if we believe that passenger numbers will increase three-fold to pay back the operating costs with revenues, and even if we believe that investors will cover all of the capital the Government hopes for, that still leaves £17Bn capital that won't be paid back

Furthermore, we have a **national history of severely underestimating** final costs of major infrastructure projects. Think of Wembley Stadium. HS1, Cross Channel Rail overspent by 100%².

So the next question, is:

Do we really believe the passenger numbers will increase sufficiently to ensure operating costs will be covered by revenues?

Do we really believe the capital cost will be contained to amount predicted and that investors will provide half of it?

And even if we do, do we believe the country can afford to write off £17Bn right now?

.....Reports suggest the Dutch high speed rail is rapidly heading for bankruptcy
.....HS trains in Spain and new line in Portugal been cut due to austerity measures
.....Why are we different?

Even if we answer "yes" to all that, the next question, is:

Do we believe this is value for money?

The build costs for the first phase are £17.8bn = 40,000 jobs i.e. £445K per job

Compare i54 South Staffordshire, spend c.£100m = 4,000 jobs i.e. £25K per job

Amount Gvt is prepared to pay agency to get people back into work £13K per job

¹ of which £17.8bn are build costs for first Phase between London & Bham

² Originally anticipated £5 – 6bn, but probably cost tax payer upwards of £10bn.

Assumptions about Need

Do we really need HS2?

Connectivity between the major conurbations within the UK, is **already** better than most countries with HSR if for no other reason than the UK is smaller.

The idea from the Government is that it is an investment for the **next generation of business people** – but the next generation of business people will be using 4G technology and the new HTC Thunderbolt, already available across the US

Yes, other countries have introduced HSR, but that was because they **started from much lower speeds** than we **currently** available in the UK. We have something they didn't have: a modern 125mph railway which would be capable of even better utilization with appropriate investment e.g. improved signalling.

If you're trying to improve journey times from Shanghai to Beijing (8x the distance from London to Birmingham and crosses large tracts of countryside without major urban/economic development), then maybe it's worth it. But you know what?..... reports are now saying the Chinese are reducing speeds to reduce energy costs

So the question is:

Do we really believe the next generation of businesses will benefit more from HS2 or from investment into next generation technology?

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Assumptions about Local Gain - or Drain?

As previously mentioned £17.5Bn of the £20.6Bn benefits claimed for HS2 is associated with assumed time savings NOT local economic improvement. Only £4Bn is associated with 'Wider Economic Impacts'

But HS2 Ltd has not felt able to quantify any additional job growth attached to wider economic impacts.

Independent analysis, **including HS2's own consultants**, has shown that despite volumes of research, it is almost impossible to find quantified evidence on the local economic impacts of HSR.

At absolute best, the research shows that particular sets of circumstances are required for a place to benefit and **generally the hub, usually the capital city tends to prosper most at the cost of the centres at the end of the spokes.**

Furthermore any +ve impact that does arise is frequently in the form of redistribution of development either existing or new in favour of the station environs and away from those areas away from the station.

Another set of questions:

Do we believe that HS2 will "take the economy north"?

We already have one of the best services in the country: has that made it happen for Stoke? Is it bringing prosperity to N Staffs?

Would an Intermediate station help?

The HS2 consultation material appears to indicate that some HS2 rolling stock will be dual compatible and therefore some of the trains making the journey from Birmingham to Liverpool will do so on the classic network, at lower speed, and will stop at Stafford

With the completion of HS2 Phase 2, however, the service from Stoke-on-Trent to London would be reduced, with no HS trains to serve the existing station at Stoke-on-Trent, and a reduction from the current 3tph to 1tph. So Stoke will be much worse off

Some ask for an intermediate station in N Staffs?

If the business case is unproven already, intermediate stations can only make it worse. More stations = longer journey time: how many stations would need to be added before HS2 became SS2? And more stations = higher build costs

Atkins, the County Council's transport consultants, have assessed international experience and have concluded that there would **at best be marginal beneficial impacts** to the local economy - but only because local residents could drain out of North Staffordshire get to Manchester, Birmingham and London even quicker than today. Atkins confirm previous findings that the prospects for North Staffordshire would be better improved by improving internal communications and quality of labour force rather than communications with the rest of the country that are already of good quality.

Furthermore, any station provided for north Staffs is likely to be well be outside the conurbation in a green field location, probably west of Newcastle near to Crewe. International experience has shown green field station locations to be least beneficial.

The question is:

Would an intermediate station really make things better?

Or would it be a double whammy: negating the business case and extending London's commuter belt even further north than Lichfield?

Environment – we've put it last

We want to put this case as a business case

It's about jobs

But, for many of our people: the nature of what England is, is their number one priority

The environmental impact of HS2 can not be fully assessed since HS2 Ltd are still looking at a very wide range of alternative routes north from Birmingham and these have yet to be determined even in a preliminary way.

Nevertheless, their impact can be expected to be significant as the route to Manchester runs the length of Staffordshire.

The **short section of route through Lichfield District that has** so far been defined is just 13 miles long. It is estimated to pass through

- over 30 sites defined as high landscape quality or sites of ecological imp
- At least 10 of these are of County importance
- 8 are ancient woodland sites, four of which may be destroyed.
- The woodlands that will be partially or totally destroyed are:- Ravenshaw Wood, Rookery, Roundhill Wood and three fragmented Woodlands in John's Gorse.
- Not possible to mitigate v loss of Ancient Woodland; it cannot be recreated
- In certain areas there is the potential of significant noise impact.

The Staffordshire sites of local wildlife significance support habitats included in the UK Biodiversity Action Plan including broadleaved woodland, species-rich hedgerows, lowland heathland and wetlands. Protected and priority species that may be impacted include bats, great crested newts, badgers, white-clawed crayfish, otters, water voles and farmland birds.

These already significant impacts within Lichfield can be anticipated to be replicated along the route as it passes through the rest of the county. And the same will be felt by Shropshire and every other county that the track passes through

On this, there is no question to ask: if the business case stacked up, Staffordshire would take this on the chin as one for the nation.

So what are the alternatives?

There are alternatives to HS2

Most recent person to look at these matters, Sir Roy McNulty³ in his study on Value for Money in the Rail Industry in May this year. He stressed a preference to make best use of existing assets.

Other incremental improvements can provide **the same scale of capacity increases** sooner and at lower cost, albeit without the higher speed. Opposition group 51M has estimated that in these ways capacity could be increased by 215% at a cost of £2bn e.g.

- Chiltern Upgrade
- Lengthening trains
- Reconfigure first class car as standard
- Smart technology ticket to manage demand
- Upgrading signalling
- Targeted infrastructure investment

³ At the request of the Minister for Transport, Sir Roy prepared a report published in May 2011, on Value for Money in the Rail Industry. Primarily tasked and focussed on reducing the costs of operating the existing and indeed an expanding network the report includes recommendations with respect to the use of IT and of particular relevance to these issues, the opportunities to review fare structures in order to manage flows and capacity difficulties e.g. early evening overcrowding created by the timing of reduced fares. The essence of his recommendation was to ensure that the best use was made of existing resources before embarking on new investment/expenditure.

In Summary

To support the HS2 proposal, we would have to believe all of the following:

Firstly, that the UK can, in the current climate, afford to write off a sum equivalent to at least 10% of annual borrowing (2010) on an unproven business case with no sensitivity analyses

If the answer to that question is “yes we can”, then we’d also have to believe that

- it is the best thing we could spend our money on
- HS2 will come in on budget
- fares on HS2 will be the same as fares on the classic network
- passenger numbers will triple
- 70% of passengers will be travelling for leisure
- business travellers do no work on trains
- business travellers earn an average of £70,000 pa
- Local gain will outweigh local drain
- the time saved on the train will be less than the time added getting to the station

and if the answer is that “yes, we believe all that”, then we’d also not have to mind

- the environmental impact
- having far fewer trains from Stoke
- a total journey time from many parts of Staffordshire that will probably be longer
- HS2 Phase 1 jobs created will almost all be in London

And finally..... if we think we can afford it, and we believe all the figures in the business case, and we don’t mind the list of issues, we’d also have to not mind that

- those jobs in London will be created 20 to 35 x more expensively than via other alternative mechanisms