

Press release from Tony Berkeley, 4 September 2020

HS2 - 'to build or not to build' - where is any commitment?

Today, the Prime Minister said HS2 would 'fire up economic growth and help rebalance opportunity...across the country for years to come.' HS2's Mark Thurston said 'the reality of high speed journeys joining up Britain's cities in the North and Midlands and using that connectivity to help level up the country has just moved a step closer'. **But where is the commitment backed up by money?**

The most important means of rebalancing the economy is to give the North and Midlands at least the same level of commuter services that the South East enjoys. HS2 delivers very little of this. Phase 1 joins Birmingham with London, already linked by excellent train services, and does nothing for local services in the Midlands. HS2 will not join the North and Midlands for 20 years. And is it worth the taxpayer paying over £100bn to get to and from London a little quicker? Is the experience of remote working not going to reduce demand for long distance travel such that the present services can more than cope with future demand?

What has the Prime Minister launched today?

The Royal Assent for Phase 1 was from London to Birmingham, which includes London Euston to Old Oak Common. In response to a question from Liam Byrne MP on 1 September 2020 (76602), HS2 Minister Andrew Stephenson MP suggested that this section remains in abeyance as his 'Department is undertaking a study to consider the efficiency of Euston Station'. How can the Prime Minister Boris Johnson MP give the go-ahead to a railway when, according to HS2, the part which generates most of the revenues, access to London Euston is missing? Surely the statement should reflect this omission?

Phase 1 Costs:

Government never mentions costs. For the record, Michael Byng's estimate for HS2 Phase 1* is £61.93 bn. The costs of Phase 1 (design, construction, land take and risk allowance) in the budget approved by Parliament was £27.18 bn. (Written answer to House of Lords Question HL1048 dated 27th July 2017). So estimates have more than doubled - the cost of HS2 Phase 1 exceeds the approved funds by 127.85%.

Whole project costs:

The overall Cost of HS2 (construction, alone, including design, land take and risk) is £127bn. The Cost Limit, at 4th Quarter 2015 prices, approved by Parliament as reiterated by Nus Ghani MP in July 2017 was £55.70 bn, adjusting this using the ONS indices, the Cost Limit is £61.93bn*.

Parliament was misled over costs:

No additional monies have been sought from Parliament for either Phase 1 or the entire project, nor have any monies been approved. Parliament has clearly been misled. An HS2 employee has admitted in public that ministers agreed not to tell parliament about the cost increase otherwise the project might not have been approved.

The real needs of the regions:

HS2 does not deliver the local and regional connectivity that the North and Midlands need to provide better, more reliable commuting to different local destinations. To provide for this, the National Infrastructure Commission, Chair Sir John Armitt, has suggested that, to ensure the HS2 project is integrated into the existing rail network, a further £44.52 bn* is needed. Neither figure includes the

moneys required by the regions, Transport for the North or Midlands Connect to develop their planned programmes. Based on their published programmes, a further £59.09 bn is required.

Thus the current estimated total cost of the HS2 project and associated regional programmes is £231.32 bn.

Can the country afford £231bn on this rail project?

I ask whether the Government, at the start of a major economic crisis, can afford this; if not, the regions would prefer the funding to be spent on local and regional services, and other regions, such as the South West, might consider that their economy can justify some of this investment instead of it all being spent on one line. The regions, Midlands Connect and Transport for the North are already complaining that they are being deprived of resources and funds for works in their areas

Jobs created:

HS2 Limited claims that it will provide 16,000 new jobs, but for the next few years these will be located between Birmingham and London.

However, unlike work on the “classic” railway, much of the work on the HS2 project is planned to be highly mechanised (tunnelling, track laying, major earthworks etc) thus reducing the number of jobs by approximately 42% (based on the detailed measured estimate of cost). A more realistic figure of 9,250 jobs will be created.

Many of these jobs are provided from specialist railway skills, which are also needed to maintain the improvements, national and regional, to the Network Rail systems, therefore of the jobs created by HS2 Limited will be “job transfers” from the NR system. The absorption of public funding and scarce specialist human resources by HS2 Limited further deprives Network Rail, especially in the regions, of resources, human and financial, required to develop regional network. It will also delay regional rail enhancement programmes by creating an inflated jobs market to satisfy HS2’s own limited objectives, as the expense of regional needs.

Conclusion

This remains a massive vanity project which the construction industry clearly wants. But taxpayers and parliamentarians might wish to reflect that the money might be better spent on a wide range of smaller projects around the country, but particularly out of the South East, so that all parts of the UK gets the same good rail services to allow them to commute to jobs, schools and colleges shopping or leisure, with the construction industry getting the same opportunities but in smaller projects with lower risk to all.

Some regional projects are virtually shovel ready, for example the Midland Main Line electrification, and four tracking at Manchester Piccadilly, and the regions along with Network Rail must be given the means of deciding and developing the infrastructure and services it needs without micro management from the Department for Transport.

Covid-19 and the resulting demand reduction coupled with Phase 1 costs increased by £127% with no parliamentary approval should cause ministers to rethink this entire project.

* All costs quoted are at second quarter 2020 prices.

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