

ANDREA LEADSOM MP



HOUSE OF COMMONS

LONDON SW1A 0AA

County Councillors
Northamptonshire County Council
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REF. MJP

8 June 2011

OPEN LETTER TO COUNCILLORS OF NORTHAMPTONSHIRE COUNTY COUNCIL

Dear Councillors

Re. High Speed 2

I wanted to take this opportunity to write to you ahead of the Council debate on the Government's proposals for High Speed Rail. I have set out my reasons for opposing the current plans, as well as my proposed alternative solution to the need for greater capacity on the West Coast Mainline.

I think HS2 is flawed in three areas; the business case, the environmental case and the claims about job creation and the potential for regeneration.

The Business Case:

1. HS2 Ltd claims a net benefit ratio (that includes the wider economic impacts) of 2.0 for the first phase of HS2 to the West Midlands - this means £2 of benefit for every £1 spent. This is about the minimum return that could be expected from a rail project and far below the bar set for road projects. Even this modest claim makes enormous assumptions. Specifically, a core assumption is that all time on train journeys is wasted, and therefore that every minute of a train journey that is saved can be given a value in pounds. This wouldn't matter so much except that the predicted journey time savings account for about 40% of the £21 billion of total economic benefit claimed for phase 1 of the project!
2. Passenger forecasts are another major assumption within the business case, relying on a 216% rise in demand for train travel – 102% increase in background growth plus the uplift for HS2 phase 1 itself. Yet the Department for Transport's own National Travel Survey shows that overall transport demand is no longer growing with GDP. Eurostar's passenger numbers in 2009 only reached 37% of the level forecast for the new HS1 link. At the time the Department for Transport assured the Public Accounts Committee that lessons had been learned from this significant error and any future major project would factor in more severe downside assumptions.

Member of Parliament for South Northamptonshire

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3. In cash terms HS2 will never pay for itself. Once built only one third of the total claimed benefits will be captured through fares. The value of the net revenues once it has been built, forecast to be fares of £14 billion less operating costs of £6 billion over a 60 year project life, will only cover less than half of the capital costs.
 4. Between 2009 and 2015, the DfT expects to have spent approaching £1 billion just on preparing the way for High Speed Rail. At a time when families up and down the country are feeling the pinch, we must make sure that infrastructure projects offer value for money.

The Environmental Case:

1. HS2 Ltd say themselves that this project is at best carbon neutral. They predict that 87% of passengers will either transfer from existing rail services, where faster trains inevitably increase carbon emissions, or are additional 'new' journeys as a result of the faster trains, which also increases emissions.
2. The shorter journeys by air that will transfer to HS2 will ironically provide more capacity at our airports for cheaper long haul flights.
3. It is estimated that the modal shift from car to high speed train will be 7% of HS2 passengers. HS2 Ltd's own forecast is that M1 traffic volumes will only reduce by 2% as a result of HS2.
4. There will be a significant environmental impact during construction, as well as to the English countryside, wildlife and historic sites. The impact on communities and countryside is vastly damaging, and South Northamptonshire is particularly badly affected.

The Claims about Job Generation and Regeneration:

1. The Department for Transport claims that HS2 will create 40,000 jobs. 9,000 will be construction jobs and likely to be temporary, with just 1500 permanent operational jobs. The rest are skewed towards property development and retail near to stations. For a £17 billion taxpayer investment, this is a poor outcome for jobs. Research done into capital expenditure in the wider economy suggests that the cost to create one job in the first phase is around 4 times what experience of capital investments elsewhere would predict.
2. Up to 70% of these jobs are likely to benefit London, where Old Oak Common is believed to be the best location for regeneration. Do we want to spend such a vast sum when the main beneficiary is likely to be London?

The Benefit to Northamptonshire:

Some claim that HS2 will be of benefit to Northamptonshire because the new high speed rail will free up capacity on the west coast mainline. However the experience of HS1, the high speed line linking London and Kent, is that it has been of very little benefit to the towns

along the route. An article in the Daily Telegraph by Andrew Gilligan on the 4 April described HS1 in the following way, 'Journey times are often little, if at all, quicker than they were before. Many of the high-speed trains run almost empty. And the conventional services that people actually do want to use have significantly deteriorated.' May I suggest that you read the article in full for yourself. I do not believe Northampton's hard pressed commuters will benefit.

The Alternative:

I believe the Government should be properly evaluating alternatives such as Rail Package 2. RP2 can provide 151% extra capacity extendable to 175% and a significant advantage of it is that it can be introduced incrementally as passenger demand increases. RP2 requires:

- Lengthening all Pendolino trains to 11 cars from the current mix of 9 and 11 cars by 2013;
- Replacing some commuter trains with 125mph stock so as not to delay faster trains;
- Dealing with bottlenecks at seven specific points along the line;
- Adding platforms at Euston and Manchester and;
- Laying more track into Birmingham.

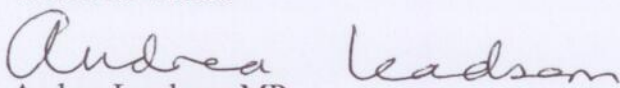
RP2 is much better value for money than HS2 – up to two times as good if the assessment compares like with like, and although the Department for Transport's latest analysis underplays this it still gives a better net benefit ratio of 1.9 versus 1.6 for HS2 London to West Midlands (both excluding the 'wider economic impacts'). It can be delivered far quicker than HS2, dealing with the problem of over-crowding now rather than leaving the commuters of Manchester, Birmingham, Northampton and Milton Keynes to wait for relief until 2026. The danger of overestimating demand is also removed. RP2 can be implemented incrementally; it's not all or nothing, problems can be dealt with as they arise and it is less than half the cost of the first phase of HS2!

In summary, I completely agree with the Government that the UK's transport infrastructure needs to be improved. The West Coast Mainline is nearing capacity and investment is needed. However, we need to have a debate about how best to deliver that capacity and how best to ensure a re-balancing of our economy. We need a private sector recovery coming from all parts of the UK and not just the dominant South East.

HS2 will ultimately cost far more than our independent nuclear deterrent! Each family in Britain will be paying £1,000 just for Phase One. It is not good enough simply to point to the increased capacity provided by HS2. We must consider value for money, and seriously challenge the assumptions that underline this proposal. Taxpayers are entitled to receive good value for their money.

If you would like to discuss this matter with me personally, please do not hesitate to contact me on [REDACTED]

With best wishes


Andrea Leadsom MP