

THE RT HON. ANDREA LEADSOM MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Mr Douglas Oakervee CBE
Chairman
HS2 Independent Review
Great Minster House
33 Horseferry Road
London
SW1P 4DR

4th October 2019

Ref: AL/TG/1910

Dear Mr Oakervee,

Re: Oakervee Review into HS2

I welcomed last month's announcement by the Secretary of State that you would be chairing an independent review into whether and how we proceed with HS2, and that you would be ably supported by Lord Berkeley. This followed the recent backbench debate I held in Westminster Hall on the 10th July 2019, in which my constituents had asked me to press for such a review on their behalf.

As you may be aware, the line of route for Phase One runs directly through my South Northamptonshire constituency, entering to the east of Brackley where it crosses the A43 and running in a north-westerly direction near or through the communities of Radstone, Halse, Greatworth, Helmdon, Marston St Lawrence, Sulgrave, Lower Thorpe, Thorpe Mandeville, Culworth, Wardington, Edgcote, Chipping Warden, and Aston le Walls through to the edge of my constituency near Lower Boddington and Upper Boddington.

The line of route and associated works have caused considerable disruption to villages and residents in South Northamptonshire, and I petitioned before both the Commons and Lords Select Committees on behalf of those constituents who are affected. I also established the HS2 Compensation & Mitigation Forum in Westminster to allow MPs affected by the line of route to raise issues of common concern with HS2 Ltd, and started the South Northants HS2 Liaison Forum in my constituency to provide our parish councils, district council and county council with a platform to do the same; both groups continue to meet to this day.

My constituents have asked me to contribute to your review on their behalf, and to set out their growing concerns about the project. Whilst these include the delay to the Notice to Proceed, reports of spiralling costs and the impact on the business case, ongoing engineering and design difficulties, rumours that the line past Birmingham may never be built, and the behaviour of HS2 Ltd as an organisation, I am aware of the terms of reference for your review, and will limit my remarks to those as set out.

Member of Parliament for South Northamptonshire



However, my constituents are clear that they would urge you to recommend that the project be scrapped, and the money spent on alternative strategic transport schemes which they feel could achieve comparable benefits in similar timescales.

My constituents first became aware of HS2 when it was proposed in 2009 by the then-Labour government. Investment in infrastructure, creating jobs and growth, improving travel times between our major cities, and closing the north-south divide; all of these were put forward as reasons in favour of the UK's second high speed train line.

However, my constituents feel that those supposed benefits have unravelled one by one, and it has become apparent to them that HS2 is not the right infrastructure project, will not improve point-to-point travel times, and will not close the north-south divide. While it will create jobs, my constituents argue that it will be at a rate far more expensive than what might be expected from a similar project.

They are particularly alarmed at just how much the business case for HS2 seems to have changed since the project was first announced. They inform me that it now bears little resemblance to what they were told at the start of this process, nor to what Parliament voted on when the legislation was passed.

First, they were told HS2 was about reducing journey times, and improving the economy by bringing businesses and workers from the south to the north to spread economic prosperity around the country. Then they were told it was actually about capacity constraints on the West Coast Main Line, and managing the continual growth in annual passenger numbers.

On improved journey times and associated productivity gains, the underlying assumption built into the business case for HS2 was that any time spent travelling for business purposes was *wasted time*, and that business travellers undertake no productive work while travelling. In the 21st century, technological advances such as mobile devices and improved wireless internet connections clearly mean that work and leisure activities are increasingly mobile, and increasingly affordable and accessible for rail passengers.

Such advances are expected to continue: it is the case that the more productivity on trains increases, in particular as faster fifth generation – 5G – mobile internet is rolled out across the country, the less valuable the journey time savings are, and therefore my constituents argue the smaller the estimated benefits of HS2 become on those measures.

Thus, my constituents point out that the argument for the business case around journey times and productivity quickly collapsed, and HS2 Ltd turned to arguing for capacity instead. That capacity argument has been questioned almost since it was first made, and most recently by the Lords Economic Affairs Committee in its report of May this year, "*Rethinking High Speed 2*".

The original business case for HS2 was put forward at a time of strong and continued growth in passenger numbers in the preceding years, and the expectation was always that this growth would continue unabated. That is not the case.



According to the Commons Library, across the entire rail network, annual passenger growth peaked in 2011 at about 8 per cent, and growth has been on a downward trend since then. Passenger growth between London and the West Midlands has now fallen to 2 per cent growth per annum, against a decadal average of 6 per cent.

It is true to say that the West Coast Main Line is the busiest mixed-use rail corridor in Europe, with 15 fast trains coming into Euston in most peak hours of the week and little to no availability in that period for additional train paths. However, capacity on the trains themselves is a different matter.

As anyone who travels at rush hour between Euston and Milton Keynes – as my constituents do frequently – will know, there is always high capacity pressure on any of the trains during that peak period: about 95 per cent of all available seats on morning peak arrivals into Euston are occupied, with many trains cramped and uncomfortable. Again, according to the House of Commons Library, across the entire day only about 60 per cent of all available seats into Euston are in use. For the other major cities on the line of route – Birmingham, Leeds, Liverpool, Manchester and Sheffield – across the entire day, all of those stations operate at less than half their passenger capacity in terms of seat availability.

Clearly, therefore, much of the capacity constraint on the west coast main line is spatially and temporally specific, being focused on the peak rush hours, and only in Euston and Birmingham. The biggest issue is crowding on individual trains at those times, rather than crowding throughout the day.

My constituents would highlight to you that the business case for HS2 is seemingly not based on improved journey times nor improving capacity on journeys between the cities along the line of route.

That was confirmed by the Chief Executive of HS2 Ltd, Mark Thurston, in November last year, when he appeared before the All-Party Parliamentary Rail Group. At that meeting, Mr Thurston remarked that to remain on time and on budget, HS2 Ltd was considering fundamental changes to the project, including, but not limited to, reductions in the speed that HS2 trains will operate at and reductions in the total number of trains per hour.

With fewer and slower trains, my constituents find it hard to understand how the business case can be maintained, given the growing lack of incentive for passengers to choose to take a more expensive HS2 train over a classic service.

As the former Chairman of HS2 Ltd, Sir Terry Morgan, said when he appeared before the Economic Affairs Committee on the 22nd January, nobody, not even he as a former Chairman of the project, can say with any certainty what the final cost of HS2 will be.

My constituents point out that that cost has gone up and up over the years.



In February 2011, they were told that HS2 would cost £37.5 billion. By January 2012, that figure had crept up to £40.8 billion. In June 2013, they were told the total cost had risen to £50.1 billion. As recently as July this year, based on the funding envelope set out in November 2015 – not an estimate of the cost but rather the money available from DfT for the project – they were told that HS2 will cost the British taxpayer £55.7 billion.

And then in September this year, as indicated in the recent report by the Chairman of HS2 Ltd Allan Cook, it was estimated that the current scheme requires a total budget – including contingency – in the range of £72 to £78 billion, again in 2015 prices. Adjusting by construction cost inflation, the range set out in Mr Cook’s report is equivalent to £81 to £88 billion in 2019 prices, against a budget equivalent to £62.4 billion.

My constituents therefore ask whether that sum of money can be justified for a single train line to alleviate crowding issues in the morning and evening peaks.

They also highlight that the main alternative considered by the Government at the time, known as the strategic alternative, could have achieved that outcome at a much lower cost, through a combination of infrastructure and rolling stock upgrades, at a cost of around £4.9 billion in 2011 prices. Additional capacity and more fast-line services could be delivered via Euston to relieve the specific pressure points during the peak-hour rushes, rather than building a whole new line that would create unneeded capacity throughout the day.

The Lords Economic Affairs Committee report concluded that the Government have “*yet to make a convincing case for proceeding with the project*” and it has “*not seen convincing evidence that the nature of the capacity problem warrants building HS2.*”

My constituents have also set out the concerns that have been raised by industry experts and former whistle-blowers from the company showing that the total cost for HS2 may very well be in excess of £100 billion.

An independent consultant, Michael Byng, has used Network Rail’s costing methodology to produce a detailed cost estimate for HS2; his report for Phase One runs to 4000 pages. Mr Byng’s cost estimate for HS2 Phases One, Two A and Two B combined is £106.4 billion; this covers construction cost and land purchase, but does not include the official estimate for the HS2 rolling stock (all phases) of £7 billion.

This is before the additional £43 billion of infrastructure spending identified by Sir John Armitt, Chairman of the National Infrastructure Commission, in his August 2018 report as required to maximise the use of the current HS2 hub sites that have been chosen, given that these hubs are no longer in the centre of cities but on the outskirts.

My constituents have therefore pointed out that, with HS2, passengers do not end up in the centre of London or Birmingham but rather on the outskirts wondering how they will get to where they want to, particularly if the line terminates at Old Oak Common.



Other costs to be considered are the requirements to generate an additional 1000 MW to power the trainline; this equates to 30 per cent of the output of Hinkley Point C. HS2 may also require an ongoing subsidy if, as my constituents believe and many industry experts have suggested, it does not run profitably; only two high speed lines in the world run profitably and they were both built at least 38 years ago.

There has not been a comprehensive breakdown of the costs for the full Y network of HS2 since 2013, although the National Audit Office has more recently said that, at the time of the 2015 spending review, the full cost should have been estimated at £65 billion. In the recent September 2019 Cook Report, whole sections relating to costs were redacted, meaning it is impossible for my constituents to know what HS2 Ltd is forecasting.

In contrast, DfT has separately announced investment of £48 billion in our railways over a five-year period through to 2024, comprising major infrastructure upgrades across the country and newer, faster, more comfortable trains to improve the passenger experience.

With the benefit-cost ratio for HS2 declining to 1.4 in October 2013 and remaining unchanged in the intervening period, my constituents feel that it is vital that we make sure that we are investing in the right infrastructure projects.

The Government's guidance on value-for-money assessments has said that a benefit-cost ratio of 1.4 for Phase One would represent a low value-for-money project. HS2 Ltd themselves do not know what the current BCR for the project is: one of the recommendations from the Cook Report was to provide a revised BCR as part of HS2's Full Business Case for Phase One by December 2019.

My constituents feel that HS2 should be considered in the context of alternative uses for the money for infrastructure investment in better value-for-money projects. They have asked me to highlight the alternative transport project proposals set forth by the TaxPayers' Alliance via their Great British Transport Competition. Lord Berkeley, as one of the judges of the competition, is very familiar with these; 28 winning entries were chosen, and the sum total of their construction costs came to £45.1 billion.

Looking at the West Coast Main Line specifically, my constituents highlight that capacity could be increased by running longer trains at peak times or using trains which have significantly more capacity for passengers, e.g. Class 700 Thameslink trains. They also suggest that more passenger trains could be run on the West Coast Main Line by making a series of small improvements to the Felixstowe to Nuneaton route. This would allow more freight trains to be run from our busiest container port to the Midlands and North West without using the busiest part of the West Coast Main Line, which is south of Rugby.

More capacity could also be provided by addressing critical bottlenecks on the rail network. Another way to provide more capacity is by improved planning/scheduling of train timetables to reduce conflicts. Lastly the implementation of digital signalling will allow trains to safely run closer to each other which increases the number of train paths available.



My constituents are firmly of the view that we must think creatively about our transport infrastructure and be brave enough to scrutinise the value-for-money of any project if we think it might not deliver the benefit it promises.

HS2 Ltd itself also must be held to account to ensure that it is open and transparent in all that it does. On that point, my constituents have asked me to make some final general remarks on their behalf about HS2 Ltd as an organisation, and about how they are treated.

As a constituency MP, I am aware of the strong feelings in the local community that there is a lack of care and consideration by HS2 Ltd for people's lives and livelihoods. There are countless examples in South Northamptonshire where I have had to intervene time and again on behalf of my constituents, due to the insensitive behaviour and slow engagement of HS2 Ltd which seems determined to frustrate any compensation or mitigation process.

Homeowners and landowners are regularly told one thing by the organisation at one point in the process, and then told something completely different further down the line. In one instance, a farmer was given assurances that proper mitigations against badgers would be put in place, including fencing as approved by the Animal and Plant Health Agency, prior to any vegetation clearance, but this has subsequently been reneged upon.

Similarly, mitigations for other constituents regarding land access, footpath diversions, and road closures that were agreed as part of the petitioning process were later changed, reversed, or ignored.

I have constituents who have had land possessed but no payments made; others who have secured a new home or site for their business, only to lose it because HS2 Ltd hasn't made timely payments. Family farms have been cut in half, people have been forced to sell their businesses at a vastly undervalued rate and one constituent has been forced out of the family home that she had lived in for many years through a lifetime tenancy under the Agricultural Holdings Act 1986.

The organisation is entirely unwieldy; my constituents find it impossible to understand who does what, and how the various roles all interconnect. I have asked repeatedly for a full organogram for HS2 Ltd, and have merely been provided with a simple breakdown of the community engagement team for my area.

There is a constant high-volume turnover of staff, including at the top level in terms of the numbers of Chief Executives and Chairmen. Not only is this expensive, but it also means there is no continuity of contact for my constituents.

Consequently, when trying to resolve an issue, neither my constituents nor I have any idea of who we should be speaking to; often, despite their best efforts, the community engagement teams seem overwhelmed by the level of queries, and frequently these queries are more appropriately directed to senior management.



To conclude, my constituents are firmly of the view that HS2 is neither viable nor warranted, and they would urge you to recommend to the Secretary of State that it is scrapped before more money is wasted on this out-of-control railway project that they feel has hyper-inflated costs, is behind schedule, and will ultimately not achieve any of the benefits it initially set out to secure. They also have no confidence in HS2 Ltd's ability to discharge its duties effectively or fairly.

Thank you for your consideration of the above, and I would be happy to discuss in more detail.

With best wishes,

A handwritten signature in blue ink that reads "Andrea Leadsom".

The Rt Hon. Andrea Leadsom MP
Member of Parliament for South Northamptonshire

Cc: The Lord Berkeley OBE