

Overview and Scrutiny Committee

- Presentation by
HS2 Action Groups
- 3 November 2010



Outline

- The deeply flawed business case
 - Jerry Marshall, Burton Green
- Lack of wider economic benefits
 - Professor Mike Geddes, Offchurch
- Environmental destruction and carbon
 - Peter Delow, Cubbington



The deeply flawed business case

- Key question: is HS2 in the national interest?
- 2007: White Paper says HSR too expensive and too inflexible
- 2010: HS2 Ltd gives NBR as 2.7

How did they do that?



How to get the right NBR

Rule #1: Up the demand

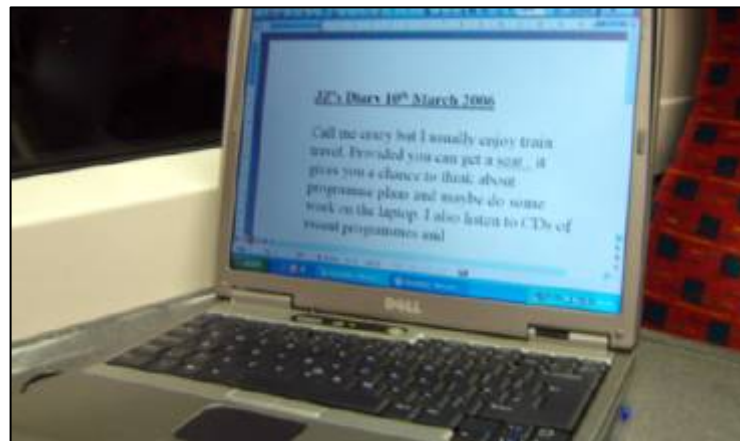
- Independent Transport Commission +35% (2005-30)
- Network Rail +70% (2008-34)
- HS2 +267% (2008-33)



How to get the right NBR

Rule #2: Add unrealistic benefits

- Benefits assumed to 2085
- Assume time travelling on trains is wasted and inflate this at 2% pa
- Assume impossible 'Uncrowding'



How to get the right NBR

Rule #3: Stretch the rules on costs

- Use lower optimism bias correction than normal
- Ignore finance costs
- Ignore operator profits



How to get the right NBR

Rule #4: Ignore disbenefits

- Slower less frequent Virgin service will add 25 mins for Coventry travellers (p42 of Technical Appendix)
- Ignore CO2 costs



How to get the right NBR

Rule #5: Assume no competition

- Assume no competitive response, therefore high demand and price

Chiltern Railways



flybe.com



AIRFRANCE

How to get the right NBR

Rule #6: Don't learn from mistakes

- HS1 running at 1/3rd forecast demand, being sold at 70% under cost

"...at a cost of billions of pounds... passengers in Kent have seen their service transformed into the worst they have every known"
(Andrew Gilligan, Daily Telegraph)



So what does it really mean for Warwickshire residents?

£1000 cost per household -

Of which the Government will throw
away £720...



In conclusion

“The burning need in public transport is not for sexy, pointy nosed high speed supertrains, whose economics and green credentials) simply don’t stack up. It’s for boring, unglamorous improvements to the quotidian services we actually use”

(Andrew Gilligan)



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- Influential public and private voices nationally and in the West Midlands, particularly from Birmingham, say HS2 will create jobs and improve the competitiveness of the regional economy.
- HS2 Ltd have said there 'may well' be benefits in Warwickshire - new markets and job opportunities.
- Centro claim that HS2 will generate £5bn pa for the Birmingham economy
- Greengauge 21 claim regional economic benefits for the West Midlands of £5.3bn



- But such claims are highly unreliable.
- They project benefits over long periods (60 years), well beyond any reputable economic forecasting.
- They produce no evidence of *how* HSR is supposed to generate economic benefits.
- Most of the wider economic benefits claimed by government from HS2 do not depend on the new high speed 'connectivity' but on improvements to local services. These however would require additional subsidies which seem unlikely in the current economic climate.



In fact the evidence is very different:

- The key study conducted for HS2 Ltd by Imperial College says that the amount of new economic growth created by HS2 would be 'very small indeed' – maybe £8m pa.
- But what HSR *will* do is to redistribute economic activity between places.
- Moreover in general the larger the local economy the more it will benefit.
- Thus the greatest beneficiary from HS2 and the wider proposed HSR network is likely to be London.



- London is also likely to gain because any economic growth would be concentrated in the service sector, not manufacturing or agriculture
- We do not yet have robust evidence about whether other major cities, such as Birmingham, would benefit and if so how significantly.
- HS2 say they will not have such evidence until the end of the public consultation.



But what we can say is that:

- If London (and possibly other major cities) benefit from the redistribution of jobs and businesses induced by HSR, this can only be at the expense of towns and rural areas not served by stations on the proposed route
- That is, all of Warwickshire (except possibly those parts close to the proposed Birmingham International station) would lose out



- Warwickshire would be additionally disadvantaged by a reduction of services to London on existing routes serving towns such as Coventry and Leamington
- And there are quicker and cheaper ways of freeing up capacity on existing routes to improve local services, such as Rail Package 2 (RP2, High Speed 2 Alternatives Study) and Chiltern's current upgrade.



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THE THREAT

- **Another Transport Corridor through Warwickshire**

- **Routes**

South Warwickshire – Wormleighton to Burton Green

North Warwickshire – Coleshill to Middleton

- **Visual Impact**

Security fences, overhead power cable and gantries, embankments, cuttings, viaducts, noise barriers, vegetation free zones



ENVIRONMENTAL IMPACT



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- **Land take**

South Warwickshire – 556 acres

North Warwickshire - 227 acres

- **Damage to a special environment**



THE CONSEQUENCES

- Construction
- Noise



The Impact

- **Farms**

Farm land

Farm houses

- **Businesses**

- **Natural environment**

- **Recreational facilities**

- **Communities & individual homes**



CO₂ Emissions

- **Speed is not green**

HS2 emits twice as much CO₂ as WCML trains

- **Embedded carbon**

1.2 million tonnes of CO₂ or more?

- **Modal shift – only 16% of journeys can contribute to carbon savings**

Car journey carbon savings marginal

Air travel savings questionable

- **“Broadly carbon neutral” appears highly dubious**



WCC and HS2

- **Information**
- **Indecision**
- **Time is running out**
- **County Council must play its part**



OK, IT'S A WHITE
ELEPHANT BUT IT'S
A FAST WHITE
ELEPHANT.

