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Ms Lilian Greenwood MP
Chair – Transport Select Committee
House of Commons
London
SW1A 0AA

21 March 2019

Dear Chair

HIGH SPEED 2 - UPDATE

Thank you for inviting me to appear before the Transport Select Committee on 13 March 2019 to provide an update on HS2. I welcomed the opportunity to discuss the project with the Committee and appreciate the Members' genuine interest, continued scrutiny and advice on a range of issues.

HS2 is no longer thought of as a standalone engineering project but, increasingly, as an integral part of the nation's future transport network and one of the key elements in redressing the unbalanced nature of our national economy. HS2 is expected to generate around £92 billion in benefits to the UK economy helping Britain compete on the global stage by increasing economic growth, productivity and tourism and supporting hundreds of thousands of jobs.

This transformative programme will connect over 25 towns and cities from Scotland to the South East serving nearly half of the UK population. The extra capacity created will make moving between our major population centres easier, increase space on the existing lines for more local journeys and take traffic off our motorways in the form of freight and travellers with over 100 towns and cities expected to benefit from improved capacity. The existing plans from local authorities and partners show almost 500,000 jobs and nearly 90,000 new homes resulting from the improved connectivity these services will provide across the country.

The legislation for HS2 Phase 1 (London – West Midlands) gained Royal Assent in February 2017 following three years of Parliamentary scrutiny. Since that time, we have issued Main Works Civils Contracts worth £6.6bn, conducted the largest ever series of ground Investigation,

ecological and heritage surveys in this country, confirmed our construction partners for our London Stations and confirmed our shortlist of bidders for the £2.75bn rolling stock contract for our initial fleet of 54 state of the art trains. Over 7,000 jobs, including over 250 apprentices, are already being supported by HS2. At the peak of construction, we anticipate 30,000 men and women working to deliver HS2 across the country. Over 2,000 business have won contracts for work on HS2, around 70% of which are SMEs and 99% of which are British based companies.

There is a huge amount of work underway on Phase 1 including land clearance, habitat creation, tree planting, demolitions, road improvement works, utility diversions, compound creation and line upgrades. Further north, the Phase 2a (West Midlands to Crewe) hybrid Bill is currently in Select Committee having passed its Second Reading in the House of Commons on 30 January 2018 with a majority of 25:1.

The scheme design for Phase 2b (Crewe to Manchester and West Midlands to Leeds) is continuing to be developed and refined to support Northern Powerhouse Rail (NPR) and the possibility of future Midlands Engine Rail implementation. We expect to submit the hybrid Bill for this final phase of HS2 in 2020.

I said that I would follow up with the Committee on several points of detail which I set out below.

Compulsory Purchase Order (CPO) procedure – Communication and engagement

Ms Cadbury asked me about the Residents' Commissioner's recommendation that HS2 Ltd should produce an explanatory booklet for the Compulsory Purchase Order (CPO) procedure. There are various guidance booklets available from the Government on CPO and from HS2 Ltd on specific HS2 related property matters. We published new CPO guidance in 2018 including a [new booklet](#) to assist individuals through the process of selling their home or small business using the Statutory Blight or Express Purchase process. The Residents' Commissioner has commented that this booklet provides homeowners with clear guidance on the steps that need to be taken before a property can be acquired and the approximate timeframes involved. We have also produced new guidance on [Alternative Dispute Resolution](#) for compulsory purchase claims.

The Residents' Commissioner has identified a need for broader CPO guidance to also be updated. This guidance is set out in existing government documents which are owned by the Ministry for Housing, Communities and Local Government (MHCLG). A working group has been established by MHCLG to update these guidance documents. The Head of Acquisitions from our Land and Property directorate is a member of that working group as is the Residents' Commissioner.

As HS2 Ltd Chief Executive, Mark Thurston set out in our response to the Residents' Commissioner's latest report that we recognise the challenge we have had around recruitment in parts of our Land and Property directorate. We have been working hard to address this and have made progress in filling a significant number of these positions. We have also allocated additional Engagement Manager roles for land and property in our 2019/20 business plan. The recruitment process for these new roles will open shortly.

Commitments to cycle provision

Ms Cadbury and Mr Cowan raised our commitment to cycle provision across and along the HS2 route. We are fully compliant with the relevant undertakings and assurances provided during passage of the Phase 1 hybrid Bill. The technical standards for HS2 were first developed prior to submission of the Phase 1 hybrid Bill and have always required designers to consider the safety of cyclists and other Non-Motorised Users (NMUs). These documents draw on national standards such as the Design Manual for Roads and Bridges (DMRB) and Highway England Interim Advice Notes (IANs), national guidance such as the Manual for Streets (MfS / MfS2) and the Department for Transport's Local Transport Notes, as well as guidance from NMU groups.

Following a petition from the Cyclists Touring Club (CTC – now Cycling UK) to the HS2 Phase 1 hybrid Bill, the technical standards were revised to include specific reference to the London Cycling Design Standards and the Welsh Government's Active Travel (Wales) Act 2013 Design Guidance. The updated standards were provided to HS2 contractors before any design work had started. These standards have been used by our contractors to develop their designs in line with assurances given. Some of the cycling measures identified in the designs are now being implemented.

To help make sure that HS2 leaves a positive road safety legacy for local communities, £36.5 million has been made available through the Road Safety Fund for Phase 1 and Phase 2a of HS2, ensuring areas along the route benefit from high quality road and cycle safety projects. The funding can be used for traffic calming measures, safer pedestrian crossings or safer junctions for cyclists, pedestrians and drivers. Once local authorities have agreed plans for projects, they will agree the release of funds with HS2 Ltd. Authorities must ensure that improvements made leave a lasting legacy of road safety.

We remain fully engaged with our contractors and highway authorities along the Phase 1 route in identifying opportunities for cycle proofing of highways or provision of cycling and walking infrastructure. This also includes provision of cycling infrastructure where this is part of specific undertakings and assurances given to local authorities, organisations or individuals along the route.

Reuse of excavated spoil

Mr Brereton asked me about excavated material from our construction sites and the potential implications of any reduction for reuse. Through reuse of material excavated during HS2's construction elsewhere on the Phase 1 route and on other infrastructure projects, flood defence schemes and habitat creation we remain confident of reusing 95% of HS2 excavated material. Delivering this target is helped by our Ground Investigation (GI) programme which has laboratory-tested a million soil samples from 8,000 sites along the London – West Midlands phase to inform continuing design work and development of HS2's detailed construction programme.

As the GI process determines the standard of excavated material taken from along the route, its quality can then be graded and earmarked accordingly for a variety of uses. High grade excavated material will be used in structures like embankments on which the line will run whereas landscaping and visual screening can be created with other material grades.

The logistics of delivering HS2 continues to be developed in cooperation with our main works civil contractors, data on the quality and volume of excavated material is a component of this work. The Committee should be assured that, even where there may be a need to transport materials off site, we will seek to minimise use of local roads by using, where practicable, HS2's construction corridor as well as rail, designated HGV routes, A roads and motorways.

Benefit Cost Ratio (BCR) and wider economic impacts (WEIs)

You and Mr Brereton raised the costs and benefits that will come through locally-led HS2 growth strategies. These costs and benefits are not included in the calculation of the BCR for HS2.

The central BCR for the full HS2 network is 2.3 including WEIs. We capture the benefits that fall outside of the transport sector but are still directly as a result of the new railway. For example, we expect investment in HS2 to enable changes in productivity, labour supply and the expansion of businesses due to lower transport costs. HS2 is expected to bring over £92 billion of benefits. Those benefits (and associated costs) in local growth strategies are over and above this figure. Transport user benefits comprise roughly 80% of the total benefits of the scheme with WEIs accounting for the remaining 20%.

Revised business case and cost estimate

You asked me about the publication date of a revised business case and associated cost estimate for HS2. I now understand that both are expected before the end of the calendar year. The [HS2 Development Agreement](#) establishes that the full Business Case for Phase 1 of HS2 will be produced at or before the time of 'Notice to Proceed' for the Main Works Civils Contracts for Phase 1.

The funding envelope for HS2 was set at £55.7bn at the 2015 Spending Review with an increase since the 2011 Spending Review settlement to reflect the rate of inflation since 2011. The funding envelope for HS2 will be reviewed, in the same way as all projects and programmes across Government, in the forthcoming Spending Review announced in the Chancellor's Spring Statement shortly after the Committee session concluded.

Finally, in my response to your question about capacity, I stated that we have 3,000 people working on the programme including the supply chain. The correct figure is 7,000. This is forecast to reach around 15,000 in the next 24 months and peak to c.30,000 in 2023/24.

I hope that this information is useful. However, should you have any further questions on these issues or any other matters, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Allan E Cook', with a horizontal line underneath.

Allan E Cook CBE DSc
Chairman