Select Committee on Economic Affairs

Uncorrected oral evidence: Rethinking HS2—follow-up

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3.35 pm

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Members present: Lord Forsyth of Drumlean (The Chair); Lord Burns; Viscount Chandos; Lord Fox; Baroness Harding of Winscombe; Lord Livingston of Parkhead; Lord Skidelsky; Lord Stern of Brentford; Lord Tugendhat; Lord Framlingham.

Evidence Session No. 1 Heard in Public Questions 1 - x

Witnesses

I: Lord Berkeley, Former Deputy Chair of Oakervee HS2 Review; Michael Byng, Quantity Surveyor and Construction Economist.

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Examination of witnesses

Lord Berkeley and Michael Byng.

Q1 The Chair: Lord Berkeley and Mr Byng, welcome to the Economic Affairs Committee. We very much appreciate you taking the time to come back to talk to us and give evidence again. I expect, Lord Berkeley, that your family probably think that HS2 is going through your drawing room—it is obviously taking up quite a lot of your time. I begin by thanking you for the paper that you let us have at lunchtime, which deals with whether this project is shovel-ready, what the alternatives might be in the north and how ready they are, and the disruption to road and rail users. Your paper is very comprehensive. Because the Committee has only just received it, would you be good enough to summarise the main points made in that paper?

Lord Berkeley: Thank you, Lord Chairman, and thank you for inviting us here this afternoon. I apologise for this late submission of a paper, but it resulted from the many questions put to me about my report on 5 January. I thought it was useful to try to summarise some of the answers.

I suppose the first answer is to the question: is it shovel-ready? HS2 says it is shovel-ready—I can debate that, whatever that means—and that nothing else is shovel-ready. That is not the case, which is why my report lists a number of projects—some of which could start in a few weeks’ time, some of which would take a bit longer—which are particularly important to helping the railways in the northern powerhouse region and in the Midlands to have an early start and get some benefit. Some of them are obviously electrification projects, which were stopped a few years ago. They are the quick wins; there is a list of projects in the paper, which I am happy to discuss further. I am grateful to Michael Byng for helping me with some of them.

The other issue I have had quite a lot of questions on is disruption. People have said that the alternatives that I proposed in my report for upgrading existing lines within the two regional areas and between them and to London would cause far too much disruption. Network Rail had produced a paper showing a lot of disruption. I thought it would be useful to look at the disruption that HS2 construction would cause and came up with some worrying answers.

It applies to road and rail. The biggest problems on rail are at Euston and Old Oak Common. At Euston, it seems that the work would be very similar to what was done 20 or 30 years ago when it was last upgraded, which involved some five years of severe restrictions to the number of trains operating at Euston 24/7. It is not just in the evenings or at weekends, it is the whole time. Similarly, on the Great Western at Old Oak Common, there are only two tracks, not four, so there would be similar disruption there for maybe three or four years or so while that happens.

Of course, there will be disruption whenever HS2 crosses other railways or roads. I also produced a list of motorways that could be affected by
disruption. I do not think anybody is suggesting that one would close motorways, but cutting them down perhaps to two lanes in each direction would cause disruption. Some of these junctions are severely difficult.

There are also, of course, other roads as well. The whole point of the paper was to point out that the debate between whether we need HS2 or not or whether the benefits could be brought some other way is more finely balanced than many people thought.

**The Chair:** That is really helpful. The only question in my mind is whether the list is comprehensive, or whether there are other projects that we do not know about that are also ready. What would the bill be for them all? How much would they cost?

**Michael Byng:** There are other projects that we are developing. Behind Lord Berkeley’s paper sits a lot of work, prepared by me working with a series of very senior railway operators in the UK, with about 160 years of experience between them. We are developing that, hence the late delivery of Lord Berkeley’s report this morning; he was waiting on me. There are other projects. It is difficult to price, but we are getting there. It will certainly be less than the £55.7 billion, which is the HS2 government funding envelope.

**The Chair:** I ask, because the Committee’s previous report was worried that HS2 would overrun the budget and, like so many projects, the next part would be cancelled—and the next part is the stuff in the north. Therefore, we suggested that the Government, whatever they decide to do, ring-fence particular projects that are important to the north. There is a whole range here, and I am a little surprised, if there are more, why we do not know about them.

**Michael Byng:** I really could not comment. The projects identified by the team I have worked with are taken from experience on the railway and operating the railway daily. Things emerge that need to be done and could be done. It is a churn, effectively; it constantly evolves. As the operation of the railway evolves, with the freight and passenger demand and public need, things become apparent. I am sorry if that is a little vague, but that is where it is at.

**Lord Berkeley:** One problem, which was in my original report, is that, in addition to HS2 construction, there is a need, in my view, to upgrade many of the commuter lines in the north and the Midlands. That has a price. It is much cheaper than HS2, because it is ordinary railways as opposed to high speed. My argument is that, even if HS2 is built, you would need to do that to these other lines in order to get the full benefit for the economy in those areas. We cannot break it down yet into what the list would be for the first five years. I am sorry, but it is significantly less.

**Q2 Lord Fox:** I am struggling a little with the definitions. First, on the disruption, I think you said three to four years at Old Oak Common and your paper says two to three. Where do these numbers come from? How did you derive them? Are they in the paper somewhere else or are they
your extrapolation of what you understand of the project?

The second question is about shovel-readiness, because, as you say, whatever does that mean? You mentioned an electrification project. Clearly, they do not have the kit lined up in a siding somewhere to start fitting it on a line. From the point of green-flagging the electrification programme, when would the shovels, metaphorically speaking, hit the ground? I cannot imagine that there is not a long lead time with placing contracts and manufacturing that stuff off-site before it hits the rails, so to speak.

**Lord Berkeley:** Thank you, Lord Fox. To answer your first question, the experience we used in coming up with these disruption times are, as I said earlier, based on the changes and closures that happened when Euston was rebuilt.

**Lord Fox:** So you have looked at the project and worked these out from that experience.

**Lord Berkeley:** Yes. I did significant work five years ago on an alternative for Euston, which you may have heard about and, frankly, the risks to Euston are very much greater than they were five years ago. So that is where that came from. For Old Oak Common it is a little less.

To answer your other question, the Railway Industry Association produced a rolling electrification programme a few years ago. You need special kit, and they have learned the lessons from Great Western, which was a pretty bad disaster in terms of timing and cost. They have come up a rolling programme and methodology and the kit that goes with it, so you could start quite soon—I am not saying you could start next week. “Shovel-ready” is a nasty misnomer, because you do not use shovels; you use kit on trains.

**Q3 Lord Stern of Brentford:** Thank you, and I add my thanks for coming in, for the work that you have done and the papers you have given us. Forgive me, I am an academic economist, but 15 years ago I was in charge of the Green Book as head of the Government Economic Service in the Treasury, so I worry about methods of cost-benefit analysis. My questions are about that.

First, how did you calculate the overall cost projections, as a matter of method, and why did the Oakervee review seem reluctant to accept that approach and method on the cost side?

Also, how did you look at the challenge, from the point of view of method, of the overall impact of HS2 on the UK economy? Both of those inevitably involve counterfactuals, projecting inputs, appropriate pricing and valuation. Could you help us with how you did it, and say how and why that differed from the HS2 method?

**Lord Berkeley:** Perhaps Michael Byng could answer the first question on how the cost estimate was arrived at.
Michael Byng: The cost projection referred to in phase 1 is prepared from the measured elemental cost estimate, which based on the drawings, specifications and ground conditions that HS2 faced. The methodology is the Rail Method of Measurement, which is a form of industry-standard method of valuation, which I partly wrote but which has been developed very successfully over the past three years by Network Rail under Mark Carne and Andrew Haines. It allows an elemental cost analysis, so you get quite a detailed analysis of costs.

In answer to your earlier question, Lord Fox, about possessions, there are estimates of possessions at Euston and at Old Oak Common and for some of the 561 interventions between Euston and Birmingham. That is how we calculate them.

The methodology creates, in effect, for those of you involved in building, something like a bill of quantities. It is quite a granular estimate. That is where the cost comes from. The costs are currently based at fourth-quarter 2015 and are based on the costs database which Network Rail has kindly shared with me for greenfield site work and intervention work, which I can then price the estimate with. It is then linked to the Office for National Statistics construction output indices. That is where the cost comes from—I am not an economist.

Lord Berkeley: I move on now to explain my experience as part of the review team. They eventually accepted Michael Byng’s estimate of £106 billion for the cost, but there are extras, as he will tell you.

When it came to the benefits, a lot of the review team’s time was spent what I thought was dreaming up wider economic benefits, because if HS2 came to Birmingham or Manchester or somewhere it should bring enormous benefits. I always challenged that, because it seems to me that it might bring some benefit, but so would increasing the local services for commuters. I questioned whether that should be put to it. The biggest problem was that we discovered during the review that they based their estimates on 18 trains an hour in each direction. I found out that no one in the world runs 18 trains an hour on a high-speed line—maybe in China, but I think we should leave China to one side. In Japan or on the continent, the maximum was 12, 13 or 14.

How can you do a benefit calculation on the number of passengers on the trains if you cannot run the trains because you cannot get them on to the track at that speed? That was somewhat disingenuous; I will go no further than that at the moment.

The Chair: Can you explain the 18 trains an hour? That is one every three and a bit minutes. It does seem extraordinary. Where are these trains going and where are the passengers coming from to fill them?

Lord Berkeley: My Lord Chairman, those are two very different questions. I will do my best to respond. I think there are three trains an hour going to Manchester; three an hour to Birmingham; two to Leeds, maybe via Sheffield; and one that goes to Crewe, splits and goes further north. There
are 18 on the list, all assumed to be pretty full of fare-paying passengers paying quite a lot of money. The challenge which the review team did not like was that, if you are going to cut four trains from the hourly timetable, which trains will be cut? One of the officials from the Department for Transport’s HS2 department—naturally—said that if you cut a Manchester train it would have a serious effect on the BCR. It is fine having a BCR, but what about the passengers?

Where they are coming from could become interesting when you are competing with the passengers on the west coast main line, east coast main line and other trains. The number of passengers needed to fill these trains full is pretty high. We were not really allowed to question that, because we could not get into any detail with an independent economist as I wanted. The Department for Transport has a confidential means of assessing all this.

**Michael Byng:** I am not an economist by profession, but generally I act as a surveyor acting as an expert witness in accordance with RICS practice. Many of my clients are interested in HS2 for very diverse reasons. Some are regional economists, who have told me that, when you look at the cost-benefit for the radial routes and arms—I apologise if I get the terminology wrong—the wider economic benefits are overstated, especially with the West and East Midlands because of the growth in the automobile and aerospace industries there in the last 10 years. They have nothing to do with HS2 but will continue to have a draw.

Having HS2 may have a slightly beneficial effect, but it is not the principal draw. They said to me that in calculating the cost-benefit ratio, you ought to discount some of the figures that were offered by HS2. That is my contribution to this discussion.

**Lord Stern of Brentford:** Mr Byng, thank you for you answer about the costs. As I understand it, you said that you use pretty standard methods, built from the bottom up—the elemental approach. Why then would you get different answers from the review? Did it not use standard methods, or did you mean that, in the end, you agreed about the costs?

**Lord Berkeley:** Sorry, what is the question on?

**Lord Stern of Brentford:** Mr Byng described standard methods of building up costs—like a bill of quantities in a quantity survey—from the basic elements and said that he used standard methods. I want to try to understand why, then, you got different results from the Oakerveree review. Did it not use standard methods?

**Lord Berkeley:** Not for measurement on costs. We could not—we have had debates with them for about five years on how they measured costs. They have spent £12 million or £13 million on cost engineers and have told us that they cannot measure it in the same way as Michael described.

**The Chair:** Because of time, we can probably cut through this. I think it is fair to say that Mr Byng’s previous evidence to the Committee was that the
costs were going to overrun very considerably. There is probably a degree of agreement that this project will cost over £100 billion and not over £30 billion. There may be variations but, broadly, what was said four years ago has sadly come to fruition.

**Lord Berkeley:** Indeed.

**The Chair:** Actually, the department, in its evidence at the time, suggested that Mr Byng’s methodology was not correct—I think I am right in saying that. It has been proved that his numbers are.

**Lord Stern of Brentford:** That is what I understood, but I wanted to check. You said at the end of your remarks that there now seemed to be agreement around £106 billion.

**Michael Byng:** I think so.

**Lord Stern of Brentford:** On the benefit side, it is perfectly in order to say in the cost-benefit analysis that this project, compared with something like business as usual, produces this return. If there is another project similar in scope and purpose but different in detail that does even better against a business-as-usual framework, those things should be set side by side. I do not think there is anything wrong conceptually with running HS2 against business as usual, and then running another set of possibilities—some of which you describe here—against business as usual.

**Lord Berkeley:** We tried to get evidence for the review on similar situations in respect of wider economic benefits on high-speed lines elsewhere and even on whether you could get the developers of stations to build a station for you. I could find no evidence on this anywhere. In France and Germany, the state funds the development of the stations. The only one anybody came up with was a development contribution at Canary Wharf, and it was not a very big one.

**Q5 Lord Livingston of Parkhead:** Accepting that it will cost £100 billion, give or take, as currently specified, I have two questions. One is this. You have suggested some ways in which costs could be reduced. What would you say are the big things, and what cost could this project be brought down to? What is a reasonable cost?

Secondly, is there any point at which we reach a specification that is worth doing? Would you keep de-specifying it until you get to a price where you say, “Yes, I can get the price down, but the specification is no longer one I would do”? Is there a point at which you can get a decent specification at a much better price and would say, “Yes, I’d go ahead at that price, but I’d not go ahead at £100 billion”?

**Lord Berkeley:** That is a very fair question, actually, and you would not start from here. You would make these decisions before you started designing it. That is why in phase 1 there is a limit to what you can do without going back for new parliamentary powers. The speed, I think everyone agrees now, is unnecessarily high. Bring it down to the French TGV speed and you could save a lot of money. Transport Scotland
estimated that you could probably save 30% of the cost. It is not just about slowing it down—

**The Chair:** Do you mean 30% of the £100 billion, or 30% of the running costs?

**Lord Berkeley:** Sorry, Lord Chairman, 30% of the bits that have not been designed. That is the problem. You can save money by wiggling a bit up and down. You may have been on the TGV: you do not go in a straight line. Because it is going so fast, there are enormous cuttings and embankments, very heavy structures. We reckoned that on phase 1 you could probably save 10% of the costs, and in phase 2 you could probably save 30% of the costs.

It is absolutely crazy that they have gone to this very high speed—much higher than in France and Japan—in a small country like ours. Now it is quite difficult to do anything, because we are stuck with the alignment. It is a great shame, because it is only on 60 miles of phase 1 where they are going to run at full speed. The rest of it is in a tunnel, where you have to slow down.

You could also leave out Old Oak Common to Euston; your previous report was pretty strong on that, and I entirely agreed. There are other changes that could be made, but those are the main ones. Beyond that, you could turn it into an ordinary Network Rail-type fast line, at 125 mph or 140 mph, which would help with the capacity. However, I think we both believe that there are other ways of sorting out the capacity to London without building a new line across this part of the country.

**Lord Livingston of Parkhead:** Is there a price you think you could get it down to where you would do it at that specification? Is there a price, if it were your money, where you would proceed on that specification? Or would you end up de-specifying it to the extent that you just would not do it?

**Lord Berkeley:** If you got the £100 billion down by an average of 20%, that is down to £80 billion. Then, if you take off £8 billion for Old Oak Common, you get it down to £70 billion. Would that then be good value for money? That is a question that we have often thought about. However, given that the existing lines are not full, you could improve them. That will be in our next report. I do not think there will ever be a chance of it costing anything like £70 billion, but I believe that the real problem is that HS2 does not deliver the benefits to the regions that it is supposed to. You will get to Manchester quicker: big deal. What about the other trains?

**Lord Livingston of Parkhead:** So the answer is no, you do not think there is such a point?

**Lord Berkeley:** Yes.

**Lord Livingston of Parkhead:** Thank you.

**Viscount Chandos:** May I pick you up on frequency? If there is demand for 18 trains an hour, do you not think it may be possible, technically,
run that many trains per hour, notwithstanding the precedents? I have heard quite a compelling argument—from sceptics of HS2, in fact—that the technology that is being developed for autonomous driving could enable capacity on existing lines to be increased. That would make one think, therefore, that moving from 12 to 13 an hour on a purpose-built line up to 18 might at least be possible.

**Lord Berkeley:** Several years ago, when they were doing the west coast main line enhancement, everybody said the new signalling system—ERTMS, as it is usually called—would enable a massive increase in the number of trains on that line. Ten years later, nothing has happened there. Network Rail is moving slowly but surely to the east coast main line upgrade. I study signalling systems across Europe quite often, and increasing the number of trains, even with that new signalling, can be very challenging. If you run them all at the same speed down the track, that is easy enough, but you have to get them off the track with very high-speed turnouts, the right platforms and everything like that.

I do not think we should do any planning for more than 14. It is a bit like running more trains on the other lines that we may be talking about: gradually, the railways will get used to running things and may be able to add another one and keep the reliability, which is key. However, I would not do it for planning, and I would not do it for an investment project either.

**Q7 Baroness Harding of Winscombe:** Following the logic you set out for Lord Livingston, if there is no pared-down version that offers value for money, what are the implications for businesses and other stakeholders along the route if the project is scrapped? What costs would be sunk if we had to scrap it?

**Lord Berkeley:** The first thing is that the parts of HS2 within what you might call the northern powerhouse area—from Crewe to Manchester and around Leeds and Sheffield—need to be retained as part of a local network. They would be downgraded, I expect, and fully integrated. They might need to be changed a bit, with the northern powerhouse and the local thing, but cancelling them would be counterproductive for the regions.

As for cancelling the rest of it, the review team looked at starting in the north and working south, but actually it just does not work. If you are going to start in the north, the consequence is that you do that southern bit last, which means that the people in that area will suffer 10 years of blight. I do not think anybody would wish 10 years of blight on the people of Buckinghamshire and such places. We think that the bits in the north are important, but there are other ways of bringing benefits to the Midlands, particularly going across the country.

There are other ways of upgrading the Midlands main line, the east coast main line, the west coast main line and the Chiltern—I have summarised, but we will be doing some more work on that—to bring the demand and the capacity, and a small speed increase, up to what is needed. For me, the important thing is to upgrade the regional and local lines to help the
commuters and the economies of those regions and get commuters out of their cars.

Baroness Harding of Winscombe: How much would it cost the UK taxpayer if we scrapped the project?

Michael Byng: First, it depends how much you think has already been spent. The recent Ministerial Statement said that it is £7.4 billion. People in the industry say that it is £12 billion. I think it is probably closer to what the Rail Minister said: £7.4 billion.

In looking at the alternatives, we have looked at how we can make use of work that HS2 has started. For instance, within the Euston footprint, we could use the site of the Downside carriage shed, which has been demolished, and the tunnelling technology out to Old Oak Common to create a link to Chiltern. Then, by electrifying Chiltern, we could look, when we get to Birmingham, at what we could do with the Birmingham Curzon Street site. We could establish a Midlands regional hub at Curzon Street and thereby recover a large part of the money that has already been spent.

The land that has been acquired along the way, whether it has been paid for or not, under compulsory purchase powers from HS2, can be returned to its previous owners under, say, the Crichel Down principles. My personal view is that the complete sunk costs are about £2.5 billion to £3 billion.

Q8 The Chair: How much of that cost has been spent on consultants and how much on actually digging holes?

Lord Berkeley: Am I allowed to answer this?

Michael Byng: I will answer it. I have been a consultant all my life. When it comes to the consultancy performance here, there is a real need for the whole process to be looked at. If you look at the costs that they would want for cancellation, you could come back on them and ask when they were aware of the overspend on the project and the overrun in time.

The Chair: That is really interesting, but it does not answer my question.

Michael Byng: I think the consultants have a lot to answer for.

Lord Berkeley: But you have not answered the question. The figure that I have is £700 million.

Michael Byng: I believe that £700 million has been spent to date. I am at a loss to understand what the quantity surveying and construction engineering part of that—

The Chair: So £700 million on consultants on the project.

Lord Berkeley: Yes, on consultants.

Michael Byng: We believe that it is in the order of £700 million.

Lord Stern of Brentford: You do not save that by cancelling it.
The Chair: No, but—I must not lead the witnesses—to my mind, if people are being paid £700 million and are giving you advice on whether it should go ahead, that certainly gives an indication of direction of travel, let us say.

Lord Burns: We noticed that in the dissenting report you did not make what I would regard as a final recommendation of the action the Government should take on this project, starting today. Already this afternoon, you have put together some of what might be described as building blocks that could go into an alternative.

Is it possible to outline precisely—if this decision was all yours, starting today and forgetting about sunk costs and the rest of it—what your proposal would be for what we should now be doing? Should we scrap it and do the alternative projects that you mentioned? When I read the report, I wondered exactly what your hard recommendation to the Government was.

Lord Berkeley: Lord Burns, you are accusing me of sitting on the fence, which is quite true. I made no recommendation in my original report, because the terms of reference did not ask us to.

Lord Burns: Presumably the objective of the report is to come to a decision on what to do from now on, so I do not see how the terms of reference implicitly could not have asked that question.

Lord Berkeley: I concluded that I should come up with a number of options. I tried to persuade the other committee members of that, until I was presented with the final draft recommending that the project goes ahead, subject to it not raining next Tuesday or something.

Having delved into it in a lot of detail and looking at the needs of commuters, politicians and business leaders, who all want to go to different places, it seems to me that something like £50 billion needs to be spent over 20 years for the improvements in the Midlands and the north—Michael will correct the figure if I am wrong. If you want to get to London more quickly, you can either improve the existing lines for rather less money than that or you can build HS2. My conclusion was that if the Government have £150 billion to spare, they could do both.

Lord Burns: Would it be value for money to do both?

Lord Berkeley: I am sorry, Lord Burns. I know that you have spent a lot of time in the Civil Service at a very senior level, so you will know all this. I am trying to put this down in black and white and say, “If you don’t have £150 billion, what would you prefer to do?”

The interesting thing was that, when I talked to some of the leaders in Leeds in particular and asked them what they would prefer, they said, quite rightly, “We’d like to have our local services improved”. I then asked, “If you want to go intercity in some direction, where would your people most like to go out of the area, north or south?” They said, “Newcastle”. That is significant when we look at the regional disbalance.
To answer your question, I now think, with the benefit of doing all this work, that I would probably cancel most of it, except in the northern powerhouse, as I said, and upgrade the existing lines. The key will be to get the Government to commit to this ongoing funding.

**Lord Burns:** Effectively, I interpret what you are saying to mean that the major problem with transport in the north and elsewhere is a problem of commuters—the problem is peak loads, with great pressure on the system, and the fact that in many parts of the country there is no adequate service for commuters to operate. Therefore, if we really want to change people’s lives, it is largely about getting them to work and back securely, and that is what we should concentrate on.

I note that the projects that you outline by and large do that and concentrate on getting people to and back from work efficiently and effectively. I take it you are arguing that most of that requires money to be spent on what are essentially either the commuting parts of the main lines or additional commuting lines in the north and the Midlands.

**Lord Berkeley:** I would agree.

**Q10 Lord Fox:** Coming back to alternatives, you mentioned political leaders. My understanding is that the majority of political leaders have continued to lobby in favour of HS2—certainly Andy Street and the major metro-type mayors. What do you put their enthusiasm down to? In other words, why have they not necessarily agreed with your argument?

I am also still struggling a bit with what you would cancel and what you would leave. When you talk about leaving the northern powerhouse bit, what is that bit? You just said that you would cancel all of it except for the northern powerhouse bit. I am not quite clear what you would leave in place and how that would fit into your future of shovel-ready projects.

**Lord Berkeley:** I will answer your first question and Michael can come back on the Midlands. The reason for extra tracks is so that fast trains can overtake slow trains. You have that on most of the lines from London, but you do not have it up there much. Therefore, the benefit of a new track between, say, Crewe and Manchester, would be—

**Lord Fox:** That is what I am trying to ascertain. From where to where do the tracks run?

**Lord Berkeley:** Crewe to Manchester and then around Leeds and Sheffield and in between. Elsewhere, you can upgrade the existing lines and put in four tracks. You can finish the Midland main line and electrify it. You could do Birmingham to Derby through Burton. That is part of our plan. It may need four tracks, as you need fast trains to overtake slow trains and freight.

It is different around Birmingham, but there are plans for that. There was quite a good write-up of that in *Modern Railways* this month, which I happen to have in front of me, although I will not go through it now—if any noble Lord wants to see it, they can have it. The benefits of this upgrade
and a few others are for the commuter services, as Lord Burns mentioned. As to why they are shouting from the rooftops, it is election time, but I hope that it is more sensible than that. I think that there is a very good plan in the Midlands for upgrading regional lines.

**Lord Fox:** The Conservative mayor of Birmingham was pretty unequivocal in his support for HS2, although I do not know what is motivating him.

**Michael Byng:** I live in the West Midlands, probably about two miles from where the delta is in north Warwickshire. I have never understood the mayor’s enthusiasm for it, with respect to his representatives here. I have never been approached so often and so regularly by MPs of all persuasions around the region asking whether I can help them campaign against the thing.

That provides me with a difficulty, because, as I said, I am acting as an expert witness and am trying to be impartial—I cannot become an advocate. Any number of politicians have been to me and said, “Can you demonstrate the cost? Can you demonstrate the destruction? Can you demonstrate the alternatives?” That is completely at odds with what the mayor says.

The further north you go, it is not so badly split—there is a lot of support for the project in the Greater Manchester area, with Andy Burnham. But it is difficult to understand how there is common political support for it, especially after the election. To go back to what Lord Berkeley said, there is a need for east-west communication both in the Midlands and in the northern powerhouse. You have to improve that.

**Lord Fox:** What is the Midlands east-west?

**Michael Byng:** The need is to connect Birmingham with Nottingham and Derby properly.

**Lord Berkeley:** And Leicester maybe, too.

**Michael Byng:** If you look at the growth areas in the Midlands—I will defer to the economists—and the automobile and aerospace industries, there is in effect a big boomerang shape from Birmingham down to Coventry then across to Leicester and Derby. There is a need to connect those centres by much higher-speed rail, and that is what people have asked me to look at.

Q11 **The Chair:** As the position of Andy Street has been raised, my understanding is that he is a member of this review.

**Lord Berkeley:** Yes.

**The Chair:** I am struggling to understand how this review worked. We produced our report, the Government then announced that they would have an independent review, and in the debate that we had last Thursday in the House the Minister said: “The Government will also consider reports such as the one that is being debated today”—that was our report—“and the personal views of the noble Lord, Lord Berkeley, alongside other voices
from the independent panel, such as the Mayor of the West Midlands, Andy Street”.

I do not think that you, Lord Berkeley, and Andy Street have opposing views. The panel was set up, but my understanding is that it was appointed until 31 October, and then you were all dismissed. But, at that point, there was no draft chairman’s report, or was there?

**Lord Berkeley:** There was a draft chairman’s report. We were not dismissed; we had contracts that ended on 31 October.

**The Chair:** Right. You were taken out of the picture and were no longer involved.

**Lord Berkeley:** Yes, I was, because I refused to go along with the draft.

**The Chair:** Who wrote the draft chairman’s report?

**Lord Berkeley:** I suggest it was mostly the officials.

**The Chair:** So when the Minister described this as an independent review, what was in fact happening was that officials in the Department for Transport were drafting the report that was supposed to be looking into what they themselves had done. Is this not like something out of “Yes Minister”?

**Lord Berkeley:** Yes, you are absolutely right. Worse still, in some ways, was that all the review team, the panel, had interests to declare to some extent. We have talked about Andy Street, Andy Burnham, and other members from the regions. We had Michèle Dix, from London, who was very keen on having the line go to Euston because it would of course improve the cost-benefit ratio of Crossrail 2.

**The Chair:** I am interested in the process. When this Committee produces a report, we have a discussion and we try to reach a consensus. Did that happen in respect of the report?

**Lord Berkeley:** No. The panel hardly ever met, and it was usually a quick meeting—it did not last long. Some of the panel never came to meetings and we never had a discussion. What frustrated me was that I did quite a lot of drafting and sent it in, but in terms of getting a response from the chairman, I sometimes got a bit, but I sometimes got a response from the secretariat and nobody else. It was not independent at all, in my view.

**The Chair:** Sorry to monopolise this, but it is important to understand. On the relationship between the review group and Ministers, I was quite struck by the debate we had the other day in this House. When the Minister, Baroness Vere, came to reply, she said: “My noble friend Lord Forsyth mentioned the Old Oak Common terminus. I must be truthful in that, although I know where Euston station is, I had to google Old Oak Common”. That suggests to me that Ministers are not focused on the issue of Old Oak Common versus Euston, which is a difference of £9 billion or £10 billion, depending on who you talk to. To what extent were Ministers
engaged in this?

**Lord Berkeley:** They were not engaged at all. I never met the Secretary of State when I was on the review panel. The chairman told me that he had had a meeting with the Secretary of State. I asked, “Why did you not invite me?” and he shrugged his shoulders. Ditto the Chancellor. I never met the Chancellor, but he did. I never met Ministers, so I do not know what they thought, although I do not think they took much notice of it. I wrote to the Secretary of State for Transport to ask for a meeting, but I got no reply.

**The Chair:** Which Secretary of State?

**Lord Berkeley:** I wrote to the Secretary of State.

**The Chair:** Which one?

**Lord Berkeley:** Grant Shapps.

Q12 **Lord Skidelsky:** I am fascinated by that exchange, but I want to ask a question on a different topic, which is the environmental impact of HS2. In your view, would it hinder or help to meet the Government’s zero target for 2050? What would be the environmental impact, in your view, compared with your alternative?

**Lord Berkeley:** First, there was never a word about environmental impact in the terms of reference. I persuaded the group to look at it, because it seemed to me to be quite important. We got an input from Baroness Brown and other people, and I think it is true to say that if you divide the environmental problems in the construction phase and then in the operational phase, the construction phase is enormously damaging to ancient woodlands and so on, as we have heard from many quarters. There are also enormous volumes of spoil to be moved—cut and fill—to get this level straight line. There would be millions of cubic metres of spoil, and the environmental damage that it causes is quite high.

When you get to the operation phase, I suppose the extra cost of going faster is an environmental disbenefit, but I do not think that HS2 gives as much benefit when it comes to getting people out of their cars, which is probably the greatest challenge at the moment for that, as these regional services do. If we can get good regional services, people will leave their cars at home every day. How many people commute from Birmingham or Manchester to London every day? Not very many. Ditto diverting people out of the air; that will be important, but again the numbers will be quite small.

Overall, HS2 does not have a positive environmental footprint. Having slower trains running on existing lines in my book is a much more environmentally friendly means of achieving a bit of growth and providing a service.

**Lord Skidelsky:** So to sum up, in your view, the main favourable environmental impact of railway development would be to get people out
of cars?

Lord Berkeley: I think so, yes. In this context.

Q13 The Chair: I am conscious of time. I thank you, Lord Berkeley—you have obviously done a huge amount of work on this—and Mr Byng. I have a tiny last question, which has a yes or no answer. Were you able to get all the information, as part of the review, that you asked for from HS2 Ltd?

Lord Berkeley: During the review the answer was no. I put in an email request in the first week that I was working for the history of HS2 costs from the very beginning up to the present. They came last. We had similar problems with the cost-benefit, the inputs, passenger numbers, fares and other things. It was difficult, and I never got the answer I wanted because I was very keen to see how the costs had developed and the extent to which Ministers had misled Parliament, or to which Ministers had been misled by officials, over this period. Then it suddenly popped up as £100 billion, having been half that 10 years ago. So we did not get it.

The Chair: Thank you so much.

Lord Berkeley: Thank you.