



HOUSE OF COMMONS

Transport Committee

Tel 020 7219 3266 Twitter @commonstrans Email transcom@parliament.uk Web www.parliament.uk/transcom

Rt Hon Chris Grayling MP
Secretary of State for Transport
Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR

2 November 2017

Dear Chris

Thank you for your letter of 25 October 2017 responding to my request for further information on the BCRs for the cancelled electrification schemes; including a breakdown of the benefits/costs associated with the NPVs, and any changes to those values over time and by scope. Unfortunately your response does not provide all the information I had wanted.

Since writing my first letter, the full economic appraisal of the electrification of the Midland Mainline (MML) Scheme (conducted by Atkins in September 2016) has been passed onto the Committee. From this, we can infer that the BCR of 1.21 which you provided to the Committee in respect of the MML scheme was calculated under the scenario in which HS2 Phase 2 is introduced. It is puzzling that this was not the "central case" in the appraisal given the Phase 2 component of the HS2 scheme was firmly in the pipeline well before this appraisal was conducted in September 2016. For what reasons were HS2 Phase 2 enhancements not part of the "central case" for the assessment of the MML scheme?

In your response, you did not provide the BCR for the "central case" which showed that the MML Scheme had "very high" value for money with a BCR of 9.4. What has changed between September 2016 and July 2017 such that the initial "central case" for the appraisal is no longer valid and thus there is no longer "very high" value for money in completing the MML scheme in full?

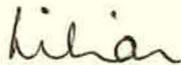
The Atkins appraisal also unequivocally demonstrates that, in the context of the MML scheme, bi-modes are substantially costlier to run. Specifically, the difference in total operating costs of running bi-modes, compared to a fully-electrified network in the "central case", is in the order of £2.4 billion over the appraisal period (Table 6-9). This finding is consistent with that of the Rail Delivery Group (in their March 2017 *Long Term Passenger Rolling Stock Strategy for the Rail Industry*) which states that bi-modes "have higher capital and maintenance

costs than pure electric trains, and are typically less powerful when working in diesel mode than when working on the electrified network." Please can you explain the basis for your oral evidence on 16 October 2017 when you said you had not seen evidence to suggest that bi-mode rolling stock would reduce the long-term efficiency of the railway?

It is clear from the Atkins report, that in September 2016 an economic appraisal was not completed for your preferred scheme (i.e. bi-mode trains used on an unelectrified line between Kettering and Sheffield). I assume that an economic appraisal was produced between this date and the cancellation of the electrification schemes in July 2017. I would be grateful if you could provide the full and latest appraisal for this and the other electrification schemes that you cancelled.

At the start of this Parliament I feel it is important that I make clear my expectations of you and the Department when it comes to information provided to the Committee. Where the Committee and I ask specific and detailed questions, I expect full and detailed answers. If something in the questions we ask is not clear, you and your officials can always get in touch with the Committee staff to clarify what information we are seeking. This is the foundation of the transparent and open relationship I hope to establish between my Committee and the Department in this Parliament.

Yours sincerely,



Lilian Greenwood MP
Chair of the Transport Select Committee