



## BRIEFING PAPER

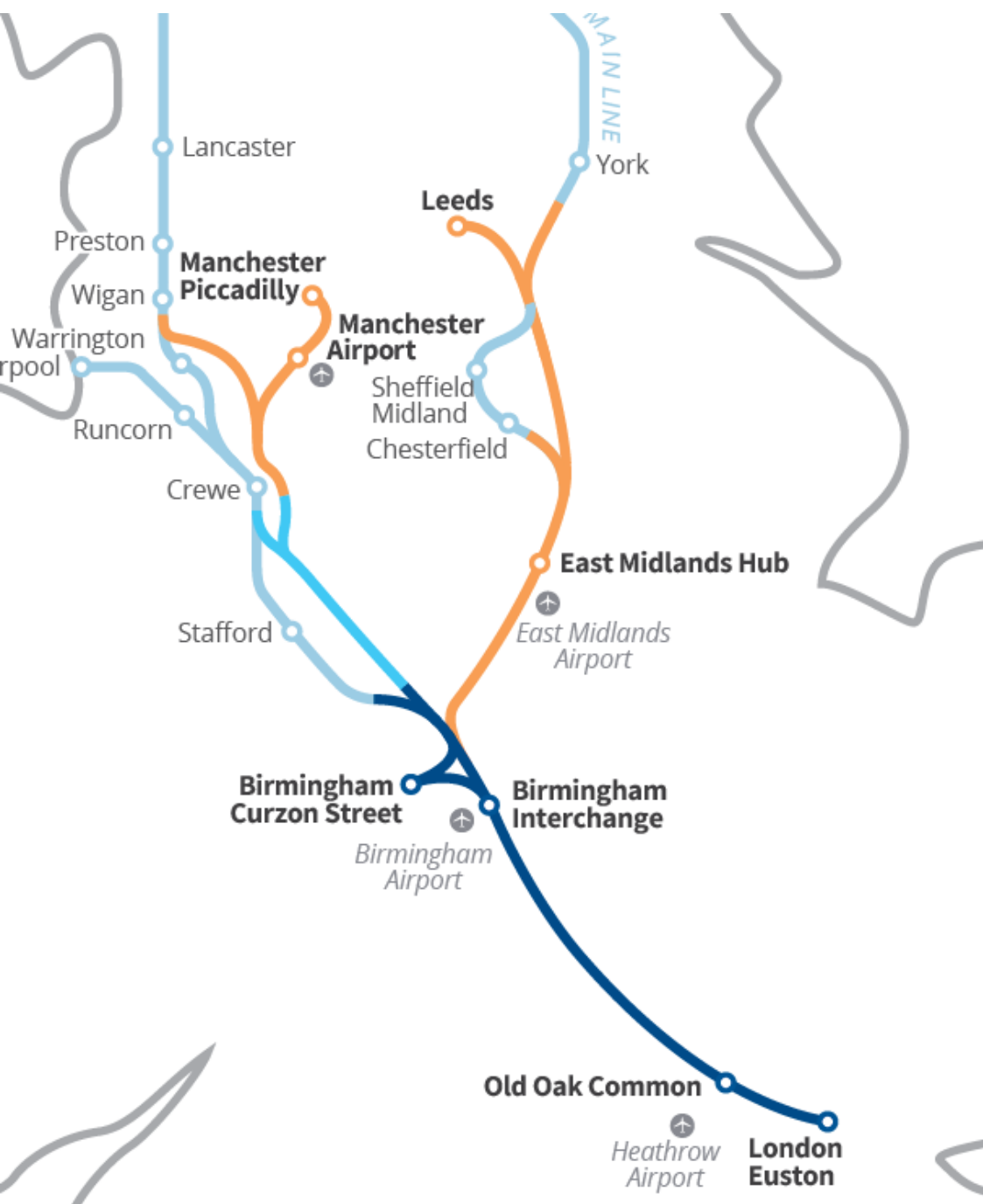
Number CBP 7082, 11 September 2018

# High Speed 2 (HS2) Phase 2a

By Louise Butcher

### Contents:

1. What is HS2?
2. Costs
3. Compensation
4. Phase 2a route development
5. High Speed Rail (West Midlands - Crewe) Bill 2017-19



# Contents

<b>Summary</b>	<b>3</b>
<b>1. What is HS2?</b>	<b>4</b>
1.1 Policy background	4
1.2 Party views	5
1.3 Brexit	7
1.4 HS2 Ltd.	8
<b>2. Costs</b>	<b>11</b>
2.1 Spending to date (financial year end 2018)	11
2.2 Infrastructure	11
2.3 Trains	12
2.4 Value for money	13
2.5 HS2 growth strategies	15
2.6 Comment	17
<b>3. Compensation</b>	<b>20</b>
3.1 Overview	20
3.2 HS2 residents & communities	21
<b>4. Phase 2a route development</b>	<b>23</b>
4.1 Higgins reports, 2014	23
4.2 Government announcement, 2015	24
4.3 Safeguarding & design refinements, 2014-17	25
4.4 Crewe hub consultation & outcome, 2017-18	26
<b>5. High Speed Rail (West Midlands - Crewe) Bill 2017-19</b>	<b>29</b>
5.1 What is a hybrid bill?	29
5.2 What does the Bill do?	30
5.3 Environmental Statement	32
5.4 Additional Provisions	34
5.5 Parliamentary stages	35
Commons early stages	35
Commons select committee	36
What happens next?	38

## Summary

This paper provides general information on the proposed high-speed rail line between London and the North of England (HS2). It gives a brief overview of the scheme, its costs, compensation arrangements and the Bill which would give statutory and planning authority for the construction of Phase 2a of the scheme between the West Midlands and Crewe.

HS2 is a proposed infrastructure project to build a high-speed rail line from London to Manchester and Leeds, via Birmingham, to begin operation in 2026 and be completed in 2033. It was supported by the Labour Government after 2009 and has had the support of the Conservatives in government since May 2010.

HS2 is planned to be delivered in three phases:

- **Phase 1** from London Euston to Birmingham Curzon Street and Lichfield with intermediate stations in West London (at old Oak Common) and at Birmingham Airport;
- **Phase 2a** from the West Midlands to Crewe; and
- **Phase 2b** comprising an eastern leg from the West Midlands to Leeds New Lane with intermediate stations in the East Midlands and South Yorkshire; and a western leg from Crewe to Manchester with an intermediate station at Manchester Airport.

In total, the Government has estimated that the scheme will cost £55.7 billion in 2015 prices (including rolling stock).

Despite enjoying widespread support across all parties in Parliament the scheme remains controversial outside, with disagreements regarding the economic and environmental cases for the scheme. Many of those who will be directly affected by the construction of the route are concerned for the future. The scheme has passionate supporters and opponents who, for the past seven or eight years, have argued across a variety of fora, including Parliament, as to whether the scheme would deliver enough in the way of benefits to justify the price tag. These debates continue.

This paper deals with Phase 2a of the HS2 scheme to Crewe. The Government announced its preferred route in November 2015; launched compensation schemes and safeguarded the route. The hybrid bill to authorise the works for Phase 2a was published in July 2017. It received Second Reading in the House of Commons in January 2018, after which it went into a specially convened Select Committee where Petitions against the Bill are heard. The Committee published its second report on 27 July 2018. The Committee will resume hearing Petitions once Additional Provision 2 (AP2) has been deposited by the Government. This is expected 'around the turn of the year'.

A guide to the (recently revised) hybrid bill process can be found in HC Library briefing paper [CBP 6736](#).

Information on Phase 1 and Phase 2b of HS2 can be found in HC Library briefing papers [CBP 316](#) and [CBP 8071](#), respectively. General background information on the HS2 scheme can be found in [RP11/75](#).

Maps showing the Parliamentary constituencies through which HS2 runs can be found attached to the [landing page](#) for this paper.

Further briefings are available on the [Railways Topical Page](#) of the Parliament website.

# 1. What is HS2?

## 1.1 Policy background

HS2 is the Government's flagship transport infrastructure project to build a high-speed rail line from London to Manchester and Leeds, via Birmingham, the East Midlands, Sheffield and Crewe, to begin operation in 2026 and be completed by 2033. Thus far there have been two Acts of Parliament<sup>1</sup> and eight [Statutory Instruments](#) providing for the scheme, with a further Bill currently being considered by Parliament.

Supporters claim that the line is urgently needed to meet projected future demand; to tackle the capacity constraints on the West Coast Main Line; and to deliver wider economic and regional benefits. Opponents maintain that these claims are overstated; future demand and capacity requirements can be met via other, cheaper means; and that the ultimate costs of HS2 are far in excess of the official budget.

The scheme that became HS2 was floated separately by the three main parties in 2008-09. In January 2009 Geoff Hoon, then Transport Secretary in the Labour Government, set up HS2 Ltd. with the principal aim of advising the Secretary of State on the development of proposals for a new railway from London to the West Midlands and potentially beyond.<sup>2</sup> The scheme taken forwards from 2010 was based on the outcome of the work conducted for the Labour Government by HS2 Ltd. It was initially proposed by Labour in its March 2010 command paper and was taken up by the Conservative-led Coalition Government after it assumed office in May of the same year.<sup>3</sup>

In the May 2010 Coalition Agreement the new Government confirmed its decision to build the new line in two phases, due to "financial constraints".<sup>4</sup> It was later confirmed that Phase 1 would take the line from London to the West Midlands by 2026 while Phase 2 would take the line from the West Midlands to the north of England by 2032-33.<sup>5</sup>

It was not until January 2013 that a decision was taken as to the configuration of the route from Birmingham north to Manchester (via Crewe) and Leeds (via the East Midlands and Sheffield).<sup>6</sup> The Government ran a consultation on Phase 2 between July 2013 and January 2014.<sup>7</sup> In November 2015 the Government announced its intention to bring forward the route to Crewe (now called Phase 2a) before the remainder of the route to Manchester and Leeds (now called 2b). In November 2016 the Government announced its preferred Phase

More background information and discussion on the HS2 scheme can be found in HC Library briefing paper [RP11/75](#).

<sup>1</sup> [High Speed Rail \(Preparation\) Act 2013](#) and the [High Speed Rail \(London - West Midlands\) Act 2017](#)

<sup>2</sup> DfT, [The role and funding of High Speed Two Ltd.](#), 14 January 2009

<sup>3</sup> DfT, [High Speed Rail](#), Cm 7827, March 2010; and: DfT press notice, "[Proposed high speed rail network North of Birmingham confirmed](#)", 4 October 2010

<sup>4</sup> HMG, [The Coalition: Our Programme for Government](#), May 2010

<sup>5</sup> DfT, [High Speed Rail: Investing in Britain's Future – Consultation](#), February 2011, p16

<sup>6</sup> DfT, [High speed rail: investing in Britain's future – Phase Two: the route to Leeds, Manchester and Beyond](#), Cm 8508, January 2013; [detailed route maps](#) are available on the DfT archive website

<sup>7</sup> DfT, [High Speed Rail: investing in Britain's future – Consultation on the route from the West Midlands to Manchester, Leeds and beyond](#), July 2013

2b route from Crewe to Manchester and the West Midlands to Leeds.<sup>8</sup> In July 2017 it issued consultations on the Crewe hub and the eastern leg rolling stock depot; announced decisions on route refinements for Phase 2b and published the Bill for Phase 2a.<sup>9</sup>

Arguments for and against HS2 are based on competing ideas not only about what the country needs in terms of new or improved rail infrastructure, but about how (if needed at all) it should be delivered and what the benefits and costs are of the ideas put forward. The two sides fundamentally disagree with each other's interpretation of the 'facts and figures' about the scheme. A fuller statement of these arguments can be found in HC Library briefing papers [RP11/75](#) and [RP14/24](#).

## 1.2 Party views

Since the beginning of the project there has been a general consensus that without cross-party backing, the HS2 scheme would be difficult to get through Parliament and that the multi-year funding package and ongoing commitment in terms of resources would be hard to secure.

HS2 has been supported by the Conservatives, Labour and the Liberal Democrats since 2009, in government and opposition.<sup>10</sup> One should note, however, that the parties' proposals initially varied in terms of scope, route alignment and destinations.

In the 2010 Parliament there were MPs in the two main parties who disagreed with the scheme: 41 voted against the HS2 Phase 1 Bill in April 2014; most of these were Conservatives.<sup>11</sup> In the 2015 Parliament 42 MPs voted against the Bill at Third Reading; again these were mostly Conservatives but also included Labour MPs and representatives of smaller parties.<sup>12</sup> In the 2017 Parliament 12 MPs voted against the HS2 Phase 2a Bill at Second Reading.<sup>13</sup>

Support for HS2 remains the policy of the **Conservative** Government. There have been various press reports over the past couple of years indicating that the scheme may have some critics in the Cabinet, but this has not to date affected Party policy on the issue.<sup>14</sup>

---

<sup>8</sup> DfT press notice, "[HS2 route to the East Midlands, Leeds and Manchester set out by the government](#)", 15 November 2016

<sup>9</sup> All available at: DfT, [HS2: high speed rail](#) [accessed 3 August 2017]

<sup>10</sup> DfT, [Britain's transport infrastructure: High Speed Two](#), January 2009; Conservative Party, [Conservative rail review: getting the best for passengers](#), February 2009; and: Liberal Democrats, [Fast track Britain: Building a transport system for the 21<sup>st</sup> century](#) (policy paper 85), June 2008

<sup>11</sup> [HC Deb 28 April 2014, cc666-9](#)

<sup>12</sup> [HC Deb 23 March 2016, cc1676-9](#)

<sup>13</sup> [HC Deb 30 January 2018, Division 109](#)

<sup>14</sup> e.g. "PM May will consider scrapping £56billion HS2 in Tory manifesto", *The Express*, 23 April 2017; "[Gove floats scrapping HS2 because he believes it to be a policy with a growing appeal](#)", *Conservative Home*, 2 July 2018; and "[PETER OBORNE: I fear a new cabinet war is looming - over £100 billion HS2 pipe dream](#)", *Daily Mail*, 25 August 2018

After 2010 there was some uncertainty about **Labour's** position on HS2.<sup>15</sup> This uncertainty persisted for a short while after Jeremy Corbyn became Leader of the Labour Party, and particularly with his appointment of John McDonnell as Shadow Chancellor – he voted against the Bill at Second Reading, for reasons related to his constituency in West London.<sup>16</sup> However, the then Shadow Transport Secretary, Lilian Greenwood, said in her September 2015 speech to the Labour Conference: “let’s invest in high speed rail – and let’s make sure it can be run under public ownership, as a public service: an integrated national asset that the country can be proud of”.<sup>17</sup> At the 2017 General Election Labour stood on a manifesto to complete HS2 and extend it to Scotland.<sup>18</sup>

The **Scottish National Party (SNP)** generally supports HS2 but is focused on its extension to and benefits for Scotland. The 2015 Spending Review confirmed that Scotland would receive Barnett consequential for HS2.<sup>19</sup> Following reports in March 2016 Transport Scotland, the DfT, HS2 and Network Rail began work on how to best leverage HS2 benefits for Scotland.<sup>20</sup> The SNP manifesto for the 2017 General Election said that: “Connecting Scotland to HS2 must be a priority, with construction beginning in Scotland as well as England, and a high speed connection between Glasgow, Edinburgh and the north of England as part of any high-speed rail network”.<sup>21</sup>

The **Liberal Democrats** supported HS2 in government between 2010 and 2015. The party’s manifesto for the 2017 General Election included a commitment to “proceed with HS2, HS3 and Crossrail 2, including development of a high-speed network stretching to Scotland”.<sup>22</sup>

**Plaid Cymru** is generally opposed to HS2 unless benefits can be secured for Wales.<sup>23</sup> The party’s manifesto for the 2017 General Election stated that Wales’ “public transport system is not fit for purpose. All of this while England benefits from next-generation trains

<sup>15</sup> e.g. “[The Labour Party cannot – and will not – give the Government a blank cheque for HS2](#)”, *LabourList*, 27 October 2013; “[Labour Party conference: Future of HS2 in doubt as Ed Balls warns of veto](#)”, *The Independent*, 23 September 2013; BBC, [The Andrew Marr Show Interview: Ed Balls MP – transcript](#), 16 March 2014; [HC Deb 23 January 2015, c508](#); and “[Commuters north and south deserve rail fit for purpose](#)”, *ASLEF Journal*, February 2015, p4

<sup>16</sup> [HC Deb 28 April 2014, cc633-5](#)

<sup>17</sup> [Lilian Greenwood, speech to Labour Conference](#), 29 September 2015; Ms Greenwood is now Chair of the all-party Transport Select Committee

<sup>18</sup> Labour Party, [For the Many Not the Few: The Labour Party Manifesto 2017](#), May 2017, p11

<sup>19</sup> HMT, [Statement of funding policy: funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly](#), November 2015, Table C.16, p64

<sup>20</sup> for further information, see: Transport Scotland, [High Speed Rail](#) [accessed 5 September 2018]

<sup>21</sup> SNP, [Stronger for Scotland](#), May 2017, p20

<sup>22</sup> Liberal Democrats, [Change Britain's Future: Liberal Democrat Manifesto 2017](#), May 2017, p62

<sup>23</sup> e.g. [NDM5505](#), 14 May 2014, Rhun ap Iorwerth AM; Plaid Cymru press notice, “[Devolved administrations should unite on HS2](#)”, 11 June 2015; and “[Further push to get Wales bigger share of HS2 cash](#)”, *BBC News*, 10 December 2015

and high-speed rail links costing £56 billion” and pledged to “press for our fair share of UK infrastructure spend”.<sup>24</sup>

The **Green Party** opposes HS2 on environmental grounds and what it believes will be a further skewing of the economy to London.<sup>25</sup> The party’s manifesto for the 2017 General Election pledged to: “Invest in regional rail links and electrification of existing rail lines, especially in the South West and North of England, rather than wasting money on HS2 and the national major roads programme”.<sup>26</sup>

**UKIP** has long opposed HS2<sup>27</sup> and called for it to be scrapped in the party’s 2017 General Election manifesto.<sup>28</sup>

### 1.3 Brexit

There is no reason why Brexit in and of itself should have a significant impact on HS2. There has been some debate in the past about how far the EU [Technical Standards of Interoperability \(TSIs\)](#) help or hinder HS2 construction (e.g. as regards platform heights).<sup>29</sup> HS2 is also intended to be built to accommodate EU ‘GC gauge’.<sup>30</sup> The Government’s Brexit White Paper, published in July 2018, does not state specifically what the UK’s plans are for the TSIs and other aspects of EU rail legislation post-Brexit. But it does state:

... the UK will have the flexibility to shape its own domestic railway legislation to meet the needs of its passengers and freight shippers, and reflect the unique characteristics of the rail network within the UK.<sup>31</sup>

This may indicate an intention to begin disapplying the TSIs, but this is as yet unclear.

The Government had hoped to secure some EU funding for the project. In 2015 the Government secured €39.2 million for ground investigation works for Phase 1 (London to the West Midlands), to be delivered between 2015 and 2019.<sup>32</sup> The funding comes from the Connecting Europe Facility (CEF). To put it simply, the CEF is the funding instrument for EU transport infrastructure policy, basically supporting the [Trans-European Transport Network \(TEN-T\)](#). HS2 has been included in the TEN-T programme since early planning stages. The EU has made it clear that the UK will no longer be eligible for CEF once it leaves and is planning to legislate to this effect.

---

<sup>24</sup> Plaid Cymru, [Action Plan 2017](#), May 2017, p19

<sup>25</sup> “Voters want “big changes” - and only the Greens can deliver, says party leader [Natalie Bennett](#)”, *Birmingham Post*, 14 August 2014; and “[High speed rail could be so much better](#)”, *Guardian blog*, 4 March 2011

<sup>26</sup> Green Party, [The Green Party for a Confident and Caring Britain](#), May 2017, p23

<sup>27</sup> See, e.g. “[Nigel Farage: ‘Skint’ Britain cannot afford HS2](#)”, *The Daily Telegraph*, 25 January 2014

<sup>28</sup> UKIP, [Britain Together: UKIP 2017 Manifesto](#), May 2017, p50

<sup>29</sup> [HL Deb 10 November 2015, HL 3171](#) and [this FOI response from late 2016](#)

<sup>30</sup> Section 6 of the [Review of the Technical Specification for High Speed Rail in the UK](#), published in January 2012, explains the decision; see also [HC Deb 1 February 2013, c1011W](#) and [HL Deb 28 October 2015, c4](#)

<sup>31</sup> HMG, [The future relationship between the United Kingdom and the European Union](#), Cm 9593, July 2018, para 136

<sup>32</sup> [HC WPO 31957](#), 24 March 2016



The €39.2 million represents half of the cost of ground investigation works along Phase 1. Roughly, at the current exchange rate, the EU contribution is worth about £35.5 million – a tiny proportion of the estimated £27.2 billion cost of Phase 1.

Further funding would now be unlikely. However, this would only ever have represented a small percentage of overall costs – EU contributions to previous high-speed rail projects via the TEN-T stream have equated to between four and six per cent of the overall cost.<sup>33</sup>

## 1.4 HS2 Ltd.

As indicated above, in 2009 the Labour Government set up HS2 Ltd. to advise the Secretary of State on the development of its HS2 proposals.

HS2 Ltd. describes itself as “the company responsible for developing and promoting the UK’s new high speed rail network”. It is an executive non-departmental public body, sponsored by the Department for Transport and funded by grant-in-aid from the Government. It has almost 1,500 employees who are mostly based in Birmingham.<sup>34</sup>

HS2 Ltd.’s annual reports and accounts and annual expenditure reports are available on their [website](#).

### Non-departmental public bodies

A non-departmental public body (NDPB) is a “body which has a role in the processes of national government, but is not a government department or part of one, and which accordingly operates to a greater or lesser extent at arm’s length from ministers”.

NDPBs have different roles, including those that advise ministers and others which carry out executive or regulatory functions, and they work within a strategic framework set by ministers.<sup>35</sup>

DfT and HS2 Ltd. have signed a Development Agreement and a Framework Document:

- The 2017 HS2 **Development Agreement** governs the relationship between the Secretary of State for Transport and HS2 Ltd. for the delivery of the HS2 project. It sets out HS2 Ltd.’s role in developing, building and operating the new railway and the DfT’s role as sponsor and funder;<sup>36</sup> and
- The 2018 **Framework Document** deals with matters relating to HS2 Ltd., the Secretary of State for Transport’s role as shareholder of the company, the company’s relationship with the department, and accountabilities and governance.<sup>37</sup>

HS2 Ltd.’s Chairman is Sir Terry Morgan, the former Chairman of Crossrail Ltd. and Chairman of Ricardo plc. Its current chief executive is Mark Thurston.<sup>38</sup>

<sup>33</sup> DfT, *HS2: Outline Business Case - Section 4: Financial Case*, March 2014, para 78

<sup>34</sup> HS2 Ltd., *About us* [accessed 6 September 2018]

<sup>35</sup> Cabinet Office, *Public bodies transformation programme*, 27 April 2016

<sup>36</sup> *Development Agreement between the Secretary of State for Transport and HS2 Ltd relating to the High Speed Two project*, 17 July 2017

<sup>37</sup> *Framework document between the Secretary of State for Transport and High Speed 2 Limited*, 23 May 2018

<sup>38</sup> HS2 Ltd., *Our governance* [accessed 6 September 2018]



There have been a series of issues related to various aspects of HS2's operations, which have been reported in the press and discussed in Parliament. The most high-profile are:

- **HS2 Ltd. remuneration:** Following reports in 2015 and 2016 about the levels of executive remuneration at HS2 Ltd.,<sup>39</sup> in August 2018 *The Times* ran an investigation piece on the back of an FOI request looking in more depth at the issue. It found that about a quarter of HS2 Ltd.'s staff received remuneration in excess of £100,000 in 2017/18 (including pension contributions). HS2 Ltd.'s chief executive Mark Thurston, who joined the company in March 2017, received total remuneration in 2017/18 of £601,979.<sup>40</sup>
- **HS2 Ltd. redundancy payments:** The issue of HS2 Ltd. making unauthorised redundancy payments to staff emerged in Summer 2017 with the qualification by the Comptroller and Auditor General of HS2 Ltd.'s accounts.<sup>41</sup> The Public Accounts Committee subsequently produced a critical Report into the Accounts.<sup>42</sup> The Government's response, published in a Treasury Minute of March 2018, stated that it agreed with all of the Committee's recommendations and that new governance and training was in place to prevent a recurrence.<sup>43</sup> Dame Cheryl Gillan established with a WPQ in January 2018 that the overpayments would have to be absorbed by HS2's existing budget.<sup>44</sup>
- **HS2 Ltd. overspends:** In June 2018 *The Sunday Times* reported that Doug Thornton, a whistleblower who worked for HS2 Ltd. as head of property, had claimed that HS2 Ltd. staff had been pressured to "falsify figures, mislead parliament and cover up "petrifying" overspends" with regards to the budget for buying land and buildings.<sup>45</sup> This reportedly prompted the Transport Minister, Nusrat Ghani, to write to Mark Thurston to ask if he had "full confidence in the robustness of the numbers" provided by HS2 for its spending on land and property and to make clear that "no MP, select committee or DFT minister has been misled" over costs.<sup>46</sup>
- **CH2M and HS2 Ltd.:** As stated above, HS2 Ltd.'s current chief executive is Mark Thurston, who succeeded interim Chief

<sup>39</sup> e.g. "[46 HS2 staff earn more than the prime minister's £150,000 salary](#)", *Financial Times*, 24 November 2015; and [High Speed 2 Railway Line: Written question – 46394](#), 10 October 2016

<sup>40</sup> "[Chris Grayling under fire for letting HS2 pay soar](#)", *The Times*, 8 August 2018

<sup>41</sup> NAO press notice, "[Report of the Comptroller and Auditor General on the 2016-17 Accounts of High Speed Two \(HS2\) Limited](#)", 19 July 2017; the full Report is available on the [NAO website](#)

<sup>42</sup> PAC, [High Speed 2 Annual Report and Accounts](#) (Tenth Report of Session 2017–19), HC 454, 15 December 2017

<sup>43</sup> HMT, [Treasury Minutes: Government response to the Committee of Public Accounts on the Fourth to the Eleventh reports from Session 2017-19](#), Cm 9575, March 2018, pp26-28; a [letter](#) from the Permanent Secretary at DfT, Bernadette Kelly, stated that, having taken legal advice, there was no evidence of fraud or misfeasance in office on the part of then Chief Executive, Simon Kirby

<sup>44</sup> [High Speed Two: Redundancy Pay: Written question – 123162](#), 24 January 2018

<sup>45</sup> "[HS2 'covered up petrifying overspends'](#)", *The Sunday Times*, 17 June 2018

<sup>46</sup> "[HS2 chief called to account over 'robustness' of budget](#)", *Financial Times*, 20 June 2018; this letter does not appear to be in the public domain. An [FOI request](#) has been made to HS2 Ltd. for the letter and for Mr Thurston's response, due for answer by 25 September

Executive Roy Hill in March 2017.<sup>47</sup> Both Mr Thurston and Mr Hill worked for the US engineering company [CH2M](#), which raised questions about conflicts of interest given the company's involvement in the HS2 project.<sup>48</sup> CH2M has also received millions of pounds from the taxpayer in its capacity as development and engineering delivery partner for HS2.<sup>49</sup> When CH2M withdrew from an HS2 contract in March 2017 this provoked further concerns.<sup>50</sup> In April 2017 the Transport Select Committee questioned the Secretary of State, Chris Grayling, and the then Chairman of HS2, Sir David Higgins, about the relationship between HS2 Ltd. and CH2M.<sup>51</sup>

---

<sup>47</sup> HS2 Ltd. press notice, "[HS2 announces new CEO](#)", 26 January 2017

<sup>48</sup> [CH2M Hill: Written question – 63303](#), 9 February 2017

<sup>49</sup> *ibid.*

<sup>50</sup> "[HS2 scraps contract over conflict of interest claims](#)", *Financial Times*, 29 March 2017

<sup>51</sup> Transport Select Committee, [Oral evidence: HS2 - CH2M contract](#), HC 1140, 19 April 2017; it also published associated [written evidence](#)

## 2. Costs

### 2.1 Spending to date (financial year end 2018)

On 16 March 2018 the Minister stated that spending to 2016/17 on HS2 (since 2009) was £2.3 billion.<sup>52</sup>

The June 2018 HS2 Business Plan stated that spend in 2017/18 was about £1.8 billion.<sup>53</sup>

**Assuming no overlap between the two figures (which it is not possible to assume with certainty) this would equate to total spend to date of about £4.1 billion.**

The same Business Plan shows anticipated future spending of £12 billion out to 2020/21:

- £3.06 billion in 2018/19;
- £4.2 billion in 2019/20; and
- £4.82 billion in 2020/21.<sup>54</sup>

In the 2013 Queen's Speech the Government announced a 'paving bill' to authorise further spending on preparation for the HS2 project. The Bill was given Royal Assent on 21 November 2013 and became the [High Speed Rail \(Preparation\) Act 2013](#). It came into force on the same day.<sup>55</sup> Consequently, every year the Secretary of State for Transport has to lay before Parliament a report detailing HS2-related expenditure by HS2 Ltd. and the DfT. They tend to be laid before Parliament every October.

Because construction has yet to begin, most HS2 spending to date has been on compensating property owners. Other spending includes consultancy and legal fees.<sup>56</sup>

### 2.2 Infrastructure

At the time of the 2010 election both the Conservatives and Labour were estimating that a scheme from London to the North of England via the West Midlands (in whatever configuration) would cost £20 billion (of which £15.7 billion would come from the taxpayer) and £30 billion respectively.<sup>57</sup> By January 2012, with the broad route of the proposed scheme in place, the estimate had increased to £32.6 billion.<sup>58</sup> In June 2013 the Coalition Government announced a significant increase in the overall projected cost of HS2 to £42.6 billion.<sup>59</sup>

---

<sup>52</sup> [High Speed 2 Railway Line: Written question – 131760](#), 16 March 2018

<sup>53</sup> HS2 Ltd., [Corporate Plan 2018 – 2021](#), 19 June 2018, p46

<sup>54</sup> *Ibid.*, pp46-7 [nominal prices]

<sup>55</sup> For further information see HC Library briefing paper [CBP 6624](#)

<sup>56</sup> See, e.g. [HC Deb 1 February 2013, c1007W](#); and: [HC DEP 2013-0221](#); [HC Deb 10 March 2014, cc61-3W](#); [High Speed Two: Legal Costs: Written question – 44231](#), 7 September 2016; and [CH2M Hill: Written question – 63303](#), 9 February 2017

<sup>57</sup> *op. cit.*, [Conservative rail review: getting the best for passengers](#), p11; and: [High Speed Rail](#), p141

<sup>58</sup> DfT, [Economic Case for HS2: Updated appraisal of transport user benefits and wider economic benefits - A report to Government by HS2 Ltd](#), January 2012, pp33-34

<sup>59</sup> [HC Deb 26 June 2013, c343](#)

In November 2015 the Government updated the HS2 cost figures to 2015 prices, putting the total cost of the project, including rolling stock, at £55.7 billion (£50.1 billion in 2011 prices). The Government said that this did not represent a budget increase, but an adjustment for inflation.<sup>60</sup> The **funding for Phase 2a, as set out in the Explanatory Notes to the HS2 Phase 2a Bill is £3.48 billion** (see section 5, below).<sup>61</sup>

This follows a number of reports over recent years indicating that the final cost of HS2 may be much higher than currently projected by HS2 Ltd. and the Government. One of those most frequently cited on this is infrastructure consultant Michael Byng, who created the method used by Network Rail to cost its projects. He has estimated that the costs of HS2 are likely to be almost double the existing figure. The Government does not agree with this assessment.<sup>62</sup> In addition, there were reports in July 2018 of a 'secret' report by Paul Mansell, one of a number of reviewers used by the Infrastructure Projects Authority (IPA – see below), which stated that HS2 was "highly likely" to go as much as 60% over budget and cost "more than £80bn".<sup>63</sup>

There was a debate on these various claims in the House of Lords on 24 July on a starred question by Lord Berkeley. The minister, Baroness Sugg, said that HS2 "does not recognise or agree with either the analysis or the figure it contains".<sup>64</sup>

### 2.3 Trains

The funding envelope for the rolling stock to serve the whole HS2 route, in 2015 prices with contingency, is £7 billion.<sup>65</sup> This reflects the 'central estimate' cost in 2011 prices of £6.93 billion (revised down from the previous estimate of £7.5 billion largely due to changes in risk assumptions). The lower figure was used in the October 2013 revised economic case, though the Department stated that "it is also appropriate to retain the higher figure as a long-term fiscal provision, providing a higher level of certainty".<sup>66</sup>

There will be two types of rolling stock: captive (used on HS2 only) and classic compatible (able to run off the HSR track onto the conventional railway). The revised costs refer only to 200 metre units (trains); the 260 metre units, which were previously envisaged to run on the full Y network once Phase 2 was open, were discarded in 2012.<sup>67</sup> In 2014 the Government said that the estimated cost:

... is likely to exceed current private sector financing market capacity. The largest individual Rolling Stock Company (RoSCo)

---

<sup>60</sup> [High Speed 2 Railway Line: Written question - HL3816](#), 4 December 2015

<sup>61</sup> [Bill 006 EN 2017-19](#), para 482

<sup>62</sup> "[Labour peer suggests HS2 costs double what public is told](#)", *Transport Network*, 19 March 2018

<sup>63</sup> "[HS2 budget 'will balloon to £80bn', says secret report](#)", *The Times*, 22 July 2018

<sup>64</sup> [HL Deb 24 July 2018, cc1593-5](#)

<sup>65</sup> [High Speed 2 Railway Line: Written question - HL4189](#), 21 December 2016

<sup>66</sup> op. cit., *The Economic Case for HS2*, pp74-5; and *HS2: Outline Business Case - Section 4: Financial Case*, paras 19-20

<sup>67</sup> HS2 Ltd. for the DfT, [HS2 cost and risk model report](#), March 2012, pp15-17; and: *ibid.*, para 16

financings have been less than £1bn, and the largest since 2008 has been around £300m. The £2.4bn IEP [InterCity Express Programme] financing was delivered through a structured Public Private Partnership (PPP) arrangement but included around £1bn [from the] Japanese Export Credit Agency. However, there may be potential to establish a government funded rolling stock company which could seek co-investors in due course.<sup>68</sup>

## 2.4 Value for money

As the anticipated costs of HS2 increased, the Benefit-Cost Ratio (BCR) fell. However, further projected cost savings and changes to appraisal methodology increased the BCR.<sup>69</sup>

Estimate to:	February 2011 <sup>70</sup>	October 2013 <sup>71</sup>	November 2016 <sup>72</sup>	July 2017 <sup>73</sup>
<i>BCR</i>				
Phase 1	1.6	1.4	n/c	n/c
(with WEIs)	(2.0)	(1.7)		
Phase 2	-	-	2.5	-
(with WEIs)			(3.1)	
Phase 2a	-	-	-	1.6
(with WEIs)				(1.9)
Phase 2b	-	-	-	2.1
(with WEIs)				(2.6)
Full Y network	2.2	1.8	2.1	1.9
(with WEIs)	(2.6)	(2.2)	(2.7)	(2.3)

According to the Government's guidance on value for money assessments:

- a BCR of 1.4 (Phase 1 without WEIs) would represent 'low' value for money;
- 1.9 (Full Y network without WEIs) would represent 'medium' vfm; and
- 2.6 (Phase 2b with WEIs) would represent 'high' vfm.<sup>74</sup>

<sup>68</sup> op. cit., [HS2: Outline Business Case - Section 4: Financial Case](#), para 95

<sup>69</sup> BCR is essentially the net monetised benefit divided by the net cost to Government

<sup>70</sup> HS2 Ltd., [Economic case for HS2: The Y network and London-West Midlands](#), February 2011, p12&p43

<sup>71</sup> op. cit., [The Economic Case for HS2](#), p85; and DfT, [High Speed Two: East and West: The next steps to Crewe and beyond](#), Cm 9157, 30 November 2015, para 2.50, p46

<sup>72</sup> DfT, [High Speed Two Phase 2b: Strategic Outline Business Case - Economic Case](#), 15 November 2016, p15

<sup>73</sup> DfT, [High Speed Two: Phase Two Economic Case](#), 17 July 2017, pp13, 16 & 26

<sup>74</sup> DfT, [Value for Money Assessments](#) [archived 11 August 2016]

The Government's October 2013 HS2 strategy paper gave the following reasons as to why the BCR had decreased:

The changes to the benefit-cost ratio compared to August 2012 are driven by the following factors. Upward influences on the benefit-cost ratio are associated with improvements in services through use of released capacity, including to towns such as Preston, York and Milton Keynes, and better evidence on travel patterns which mean we are now forecasting more business travellers on key routes served by HS2. These are offset by downward pressures on the benefit-cost ratio from factors such as increases in costs and the reduction in the value of business travel time savings.<sup>75</sup>

In effect, the factors that buoyed up the BCR were improvements in services through use of released capacity, and more business travellers using key routes served by HS2.<sup>76</sup>

The updated November 2016 financial case for Phase 2b said that the reason the BCR had increased from previous estimates was due to a number of updates to improve the modelling and appraisal framework.<sup>77</sup> The July 2017 economic case said that changes to the BCR since the November forecast had come about due to a wide range of issues such as model updates, assumptions about conventional rail, changes to the Phase 2b route alignment and changes to appraisal.<sup>78</sup>

In September 2013 the Government published a report by KPMG, which estimated that investment in HS2 could potentially generate £15 billion a year in productivity gains for the British economy in 2037 (2013 prices). This would represent an increase of around 0.8 per cent in the total level of GDP in 2037.<sup>79</sup> The methodology of the report was subsequently criticised and a later FOI request by the BBC resulted in the publication of the names of those areas that KPMG calculated would lose out from HS2.<sup>80</sup>

Another issue which often comes up in discussions of HS2's costs and whether it is value for money, is the 'opportunity cost', i.e. what else the money could be spent on.

In 2016 a group of transport academics and planners published a paper summarising the alternative studies that had been carried out, looking at how to achieve the stated benefits of HS2 for less money, dispersing works across the country.<sup>81</sup> There are others who argue that in light of

---

<sup>75</sup> op. cit., [The Strategic Case for HS2](#), para 5.4.16 [page 105]; supplemental documents on the economic and financial cases were published in March 2014, see: DfT, [HS2: strategic case supporting information](#), 6 March 2014

<sup>76</sup> Mott MacDonald and MVA for HS2 Ltd, [The economic case for HS2: Summary of key changes to the Economic Case since August 2012](#), October 2013

<sup>77</sup> op cit., [High Speed Two Phase 2b: Strategic Outline Business Case - Economic Case](#), p5, for more detail see chapter 3

<sup>78</sup> op cit., [High Speed Two: Phase Two Economic Case](#), pp9-10

<sup>79</sup> KPMG for HS2 Ltd., [HS2 Regional Economic Impacts](#), Ref: HS2/074, September 2013, p13

<sup>80</sup> for criticism, see: Robert Peston: "[What KPMG ignored when arguing for HS2](#)", *BBC News*, 11 September 2013; and: Prof. Henry Overman: "[The Regional Economic Impacts of HS2](#)", *LSE SERC blog*, 13 September 2013; and for the FOI outcome, see: "[HS2 'losers' revealed as report shows potential impact](#)", *BBC News*, 19 October 2013

<sup>81</sup> May, Tyler et al., [HS2 and the railway network : the case for a review](#), May 2016

long term under investment in public transport in the North and recently cancelled or downgraded transport schemes in the region, that the case for the North needing HS2 is not proven and that the money would be better spent on swifter and more extensive transport upgrades across the region.<sup>82</sup> Supporters of HS2 argue that the Government is planning to invest in rail and roads across the North, so it is not a case of having to lose one to fund the other.<sup>83</sup>

Others argue that HS2 funding could be used to support housing or the NHS. Most recently *The Times'* Economics Editor, Philip Aldrick pointed to the 'symmetry' of a 3% increase in NHS spending for five or perhaps ten years costing about £4.7 billion more a year and the fact that from 2019, the Government "has set aside almost precisely the same amount for HS2, £4.8 billion annually".<sup>84</sup>

## 2.5 HS2 growth strategies

As well as bringing benefits to transport users, the government believes that high speed rail will bring benefits to the wider economy (Wider Economic Impacts or WEIs – see the bracketed figures in the table in section 2.4, above). Such benefits are to be achieved through: improved linkages between businesses (agglomeration impacts);<sup>85</sup> benefits to consumers of higher output (imperfect competition);<sup>86</sup> and to a much lesser extent, benefits to commuters (labour market impacts).<sup>87</sup> Most of the HS2 WEIs come from an enlarged labour market and greater commuting capacity.

One of the concerns about the WEIs is that they cannot be achieved by building HS2 alone and that they depend on further spending in local areas, not accounted for in the HS2 budget. The Chair of the National Infrastructure Commission, Sir John Armitt, seemed to support this argument. An August 2018 article in the *Sunday Telegraph* by Sir John set out his view that an extra £43 billion should be spent to "make the

---

<sup>82</sup> e.g. "[Andrew Vine: Scrap the waste of money that is HS2 and fix the North's rail services](#)", *Yorkshire Post*, 28 August 2018

<sup>83</sup> See, e.g. DfT press notice, "[Northern transport investment to help create thousands of jobs](#)", 25 June 2018

<sup>84</sup> "[We can stop NHS going off the rails, but who would dare make the call?](#)", *The Times*, 26 May 2018

<sup>85</sup> the government believe that HS2 will bring agglomeration impacts by shortening the journey time between cities, effectively bringing firms and markets closer together. This should enable firms to derive benefits from being closer together such as: enhanced knowledge sharing; staff specialisation; and enhanced competition between suppliers. The benefits to such firms support the wider economy of the area.

<sup>86</sup> where firms are located in markets of imperfect competition they retain some control over the price they charge. In such markets the value placed on additional production (the price) exceeds production costs. If better transport means that firms increase production, both the firm and consumer will be better off.

<sup>87</sup> transport improvements can lower the cost and time associated with travelling to work. This can increase a person's willingness to work in a similar way to an increase in wage might. In addition to this some benefit is captured in the moving of jobs to more productive areas.



most of the HS2 project” and that this spending was needed to prevent “inadequate public transport links” beyond the new line.<sup>88</sup>

In a June 2016 report the NAO highlighted the fact that the £55.7 billion funding package does not cover funding for all the activity needed to deliver the promised growth and regeneration benefits:

The funding covers the cost of building the railway and buying new trains and maintenance depots in order to deliver the capacity and connectivity benefits assessed in the economic case for High Speed 2. Local authorities, in partnership with others such as Local Enterprise Partnerships, are responsible for driving regeneration and local growth benefits, and there is a risk that these wider benefits will not materialise if funding cannot be secured.<sup>89</sup>

The Public Accounts Committee highlighted this issue in its September 2016 follow-up report and recommended that the Government “seek assurances from the relevant local authorities that they have plans in place to identify sources of funding and financing, to secure the local regeneration and growth benefits [of HS2]”.<sup>90</sup> In its response to the Committee, published in December 2016, the Government said that this work was ongoing as part of local authorities’ HS2 growth strategies and that it expected to see these in place by March 2018.<sup>91</sup>

In November 2017 the Government published a new HS2 policy paper, *HS2: Getting the best out of Britain*, which set out the regional strengths of highly skilled manufacturing clusters, universities and research centres, and cutting-edge technology entrepreneurs. It warned that more needed to be done to draw them together and “realise their full potential to the economy”.<sup>92</sup>

Greater Manchester, the East and West Midlands and Leeds have published their HS2 growth strategies.<sup>93</sup> Only one of these strategies contains costings: the West Midlands strategy estimates the total cost of its local growth plans for HS2 at £3.3 billion.<sup>94</sup>

---

<sup>88</sup> Reported in: “[‘We should spend billions more to make most of HS2’](#)”, *The Times*, 6 August 2018

<sup>89</sup> NAO, *Progress with preparations for High Speed 2*, HC 235, 28 June 2016, p8, see also pp39-40

<sup>90</sup> PAC, *Progress with preparations for High Speed 2* (Fourteenth Report of Session 2016–17), HC 486, 14 September 2016, p6, recc. 5

<sup>91</sup> HMT, *Treasury Minutes: Government responses to the Committee of Public Accounts on the Thirty Ninth report from Session 2015-16; the Fourteenth to the Twenty First reports from Session 2016-17; and progress on Government Cash Management*, Cm 9389, December 2016, pp6-7

<sup>92</sup> DfT, *HS2: Getting the best out of Britain*, 30 November 2017, p3

<sup>93</sup> TfGM press notice, “[High-speed rail provides launch pad for growth in Greater Manchester and the North](#)”, 16 March 2018; DfT press notice, “[Thousands of jobs and almost £4 billion for economy detailed in HS2 Strategy](#)”, 3 October 2017; WMCA, *Midlands HS2 Growth Strategy*, July 2015; and WYCA, *Leeds City Region HS2 Growth Strategy*, January 2018

<sup>94</sup> *Ibid.*, *Midlands HS2 Growth Strategy*, p27

## 2.6 Comment

The cost of HS2 has been one of the key bones of contention between supporters and opponents of the scheme.<sup>95</sup>

One of the reasons it has taken on such importance is that the cost will largely fall on the taxpayer. Governments have consistently argued that 'some' funding could come from the private sector and from the EU: "... further contributions will be sought from certain businesses and developers directly benefitting from the project".<sup>96</sup> However, the Coalition Government acknowledged that "third party contributions could only ever deliver a small percentage of the core costs for HS2".<sup>97</sup>

That said, once the line is operational it is likely that the Government of the day will seek to recoup some of the construction costs by letting out a contract to operate the line. Such a contract is currently in place on HS1.<sup>98</sup> While the Department has "not decided at this stage" whether to let a similar concession for HS2,<sup>99</sup> "there is likely to be significant market capacity for an HS2 concession". The value of such a concession:

... will be determined largely by the level and certainty of access charge revenues, but the potential scale may be such that the delivery of finance may be best sought by letting two or even three separate concessions. An operating concession would mean government would still need to meet the up front capital costs of the project, and would also bear post construction defect risk. However, risk transfer could be structured to focus on those elements where the private sector can enhance efficiency (e.g. operating costs).<sup>100</sup>

More generally, successive Governments have maintained that HS2 is a good investment for the country, that it would stimulate growth (particularly in the regions) and have an overall positive impact on jobs and business.<sup>101</sup> Those opposed to HS2 disagree. They assert that it will not deliver jobs and growth; it is not value for money; it is not needed for capacity; and it blights homes.<sup>102</sup>

There have been a number of Parliamentary reports looking at the costs and benefits of HS2 since the firm plans for Phase 1 were published in 2011.

The Commons **Treasury Select Committee**: published a report in October 2013 on the 2013 Spending Round and stated that the Treasury should not allow HS2 to proceed "until it is sure the cost-benefit analysis for HS2 has been updated to address fully the concerns

---

<sup>95</sup> There have been a number of Parliamentary debates on the costs of HS2, see for example Second Reading of Christopher Chope's *HS2 Funding Referendum Bill* on [23 January 2015](#)

<sup>96</sup> [Bill 132 2013-14 - EN](#), para 505

<sup>97</sup> op. cit., *HS2: Outline Business Case - Section 4: Financial Case*, para 62

<sup>98</sup> for details see section 3 of HC Library briefing paper [SN267](#)

<sup>99</sup> op. cit., *The Strategic Case for HS2*, para 105, p37

<sup>100</sup> op. cit., *HS2: Outline Business Case - Section 4: Financial Case*, para 94

<sup>101</sup> e.g. op. cit., *High speed rail: investing in Britain's future – Phase Two: the route to Leeds, Manchester and Beyond*, p5

<sup>102</sup> e.g. HS2AA press notice, "[HS2AA responds to announcement of route for phase two of HS2](#)", 28 January 2013

raised by the National Audit Office" (see below); that the Treasury should publicly quantify the benefits for HS2 "not captured by the existing economic appraisal"; and that prior to any decision by the Treasury to proceed with HS2, it "should publish its own comprehensive economic case supporting its decision".<sup>103</sup> The Government responded to the report in December 2013, pointing to the recently published Strategic Case and updated Economic Case for HS2 as a response to the Committee's concerns.<sup>104</sup> The then Chairman of the Committee, Andrew (now Lord) Tyrie, wrote to the Transport Secretary on subsequent occasions, continuing to flag up concerns with the economic case.<sup>105</sup> The current chair, Nicky Morgan, does not [appear](#) to have written on this issue.

In addition to the report described in section 2.5, above, the **Public Accounts Committee**: published two reports in May 2013 and January 2015 on the back of reports by the National Audit Office (NAO). The 2013 report on preparations for HS2 estimated that there was a £3.3 billion funding gap over four years (2017-18 to 2020-21) which the Government had yet to decide how to fill. It criticised the Department for Transport for making decisions "based on fragile numbers, out-of-date data and assumptions which do not reflect real life" and having a large contingency that appeared "to be compensating for weak cost information".<sup>106</sup> The 2015 report on major rail infrastructure programmes set out the Committee's concern that 'generous contingency funds' could be used to hide cost overruns, and sought the Government's assurance that this would not happen.<sup>107</sup>

The Lords **Economic Affairs Committee**: published a report in March 2015 posing a series of questions to the Government, and querying the cost-benefit analysis, particularly the values of non-work travel time savings that contribute significantly to the anticipated net benefits of the scheme.<sup>108</sup> The Government responded to the report in July 2015, generally dismissing the Committee's concerns and asserting that "the case for HS2 is clear and robust" and "our appraisal techniques are world class".<sup>109</sup> There followed an exchange of letters between the

---

<sup>103</sup> Treasury Committee, [Spending Round 2013](#) (third report of session 2013-14), HC 575, September 2013, para 67

<sup>104</sup> [Spending Round 2013: Government Response to the Committee's Third Report of Session 2013-14](#) (Third Special Report of session 2013-14), HC 932, December 2013, p11

<sup>105</sup> [Letter from Committee Chair to Transport Secretary](#), 14 September 2016 and [Letter to Chris Grayling MP, Secretary of State for Transport on the economic case for HS2](#), 4 January 2017

<sup>106</sup> PAC, [High Speed 2: A review of early programme preparation](#) (twenty-second report of session 2013-14), HC 478, 9 September 2013, p5 (based on NAO, [High Speed 2: A review of early programme preparation](#) (session 2013-14), HC 124, 16 May 2013)

<sup>107</sup> PAC, [Lessons from major rail infrastructure programmes](#) (twenty-eighth report of session 2014-15), HC 709, 12 January 2015, p5 (based on NAO, [Lessons from major rail infrastructure programmes](#) (session 2014-15), HC 267, 29 October 2014)

<sup>108</sup> Lords EAC, [The Economics of High Speed 2](#) (first report of session 2014-15), HL Paper 134, 25 March 2015

<sup>109</sup> [House of Lords Economic Affairs Committee: The Economics of HS2 Government Response](#), July 2015, p4 & p27

Committee and the Government on what the Chairman considered to be unanswered questions in the report.<sup>110</sup>

The Government's **Infrastructure and Projects Authority (IPA)** publishes annual reports with accompanying portfolio data, detailing the rating it has given to a number of transport projects.<sup>111</sup> HS2 has had an 'amber/red' rating, denoting that "successful delivery of the project is in doubt, with major risks or issues apparent in a number of key areas" and that "urgent action is needed to ensure these are addressed, and whether resolution is feasible" since 2013.<sup>112</sup>

---

<sup>110</sup> see: [Economics of HS2: correspondence with Ministers](#) [accessed 14 February 2017]

<sup>111</sup> formerly the Major Projects Authority (MPA), which was combined with Infrastructure UK on 1 January 2016 to form the IPA, see: IPA, [About us](#) [accessed 6 September 2018]

<sup>112</sup> Cabinet Office, [The Major Projects Authority Annual Report](#), 24 May 2013, chapter 2; all the data is available on the [IPA website](#) [accessed 6 September 2018]

## 3. Compensation

There is a guide to the available compensation schemes on the [Gov.uk website](#),<sup>113</sup> with information on eligibility and how to apply. In summary they are as follows:

- In a safeguarded area: [Express Purchase Scheme](#) and [Need to Sell Scheme](#)
- In a rural support zone: [Cash Offer or Voluntary Purchase Scheme](#) and [Need to Sell Scheme](#)
- In a homeowner payment zone: [Homeowner Payment Scheme](#) (Phase 1 only) and [Need to Sell Scheme](#)
- Outside the zones: [Need to Sell Scheme](#)
- Rent Back: It is possible to [apply to rent and continue living in the property](#) if it is sold to the government under one of these schemes.

For Phase 2a the relevant [property scheme maps](#) showing compensation zones are available on the HS2 Ltd. website.

### 3.1 Overview

Petitioners to the HS2 Phase 1 Bill Committee and Members of Parliament were concerned about the adequacy of the proposed compensation arrangements for those affected by the HS2 line since they were first announced in 2012. Those concerns continue, particularly as the compensation settlement for Phase 1 are the model for Phase 2.<sup>114</sup> In his 30 November 2015 statement, the Secretary of State said:

The Government are committed to assisting people along the HS2 route from the west midlands to Crewe [... I therefore propose] to implement the same long-term property assistance schemes for phase 2a as we have for phase 1. As with phase 1, the Government propose to go above and beyond what is required by law, including discretionary measures to help more people. HS2 will deliver economic growth for this country, not just in the immediate future but for the long term, and that is why we continue to commit to this essential project.<sup>115</sup>

A consultation on compensation for Phase 2a was launched at the same time. It was based on the existing package available to owner-occupiers affected by the Phase 1 route. In addition to receiving the unblighted value of their home, eligible owner-occupiers can expect to receive a home loss payment of 10% of the value of their home (up to £53,000) and reasonable moving costs.<sup>116</sup> The Government published the

Further information on the development of the HS2 compensation schemes can be found in HC Library briefing paper [CBP 316](#) on Phase 1 of HS2.

<sup>113</sup> DfT, [Claim compensation if your property is affected by HS2](#) [accessed 6 September 2018]

<sup>114</sup> plaintiffs were successful in a legal case challenging the first consultation on the compensation scheme; the Government decided not to appeal and reran the consultation in line with the judge's finding, see: DfT, [HS2 judicial review the challenges explained](#), 15 March 2013, and DfT press notice, "[High court rejects legal challenges to HS2 in landmark victory for the government](#)", 15 March 2013

<sup>115</sup> [HC Deb 30 November 2015, c23](#)

<sup>116</sup> DfT press notice, "[Property consultation launched as HS2 route from West Midlands to Crewe confirmed](#)", 30 November 2015; and [HS2 Phase Two: West Midlands to Crewe Property Consultation 2015](#), 30 November 2015

outcome to the consultation in May 2016, announcing that it had decided to implement the package of compensation and assistance schemes for owner-occupiers along the Phase 2a route that had previously been applied to Phase 1.<sup>117</sup>

### 3.2 HS2 residents & communities

The [HS2 Residents' Charter](#) came into being on 16 January 2015. It is intended to "ensure that residents are treated in a fair, clear, competent and reasonable manner".<sup>118</sup>

To date, the Residents' Commissioner, Deborah Fazan, has published [nine reports](#), the most recent dated 8 June 2018. In terms of the operation of the various compensation schemes the report said that as at 30 April 2018:

- 825 properties had been acquired by HS2 Ltd. under different property schemes;
- 635 blight notices in the Express Purchase Zone had been accepted, and a further 15 were being assessed. Over 400 applications from Phase 2b had been received (although no construction work in this phase is expected to begin before 2023);
- 431 Rural Support Zone applications had been received, of which 325 had been accepted and 89 were being assessed. The majority of applications (305) came from Phase 2b;
- 631 Need to Sell scheme applications had been received, of which 234 had been accepted and a further 74 were waiting for a decision. The acceptance rate for Phase 2b remained low at about 31%, particularly when compared with acceptance rates on applications from Phase 1 and 2a, which averaged 56%;
- 739 applications to the Phase 1 Homeowner Payment scheme had been received, of which 654 had been accepted and a further 32 were in progress. Over 615 applicants had received payments.<sup>119</sup>

In November 2015 the Parliamentary and Health Services Ombudsman (PHSO) found serious failings in HS2 Ltd.'s engagement with a community in Staffordshire. In its report it stated that:

We found that overall HS2 Ltd's actions fell below the reasonable standards we would expect, so much so that they constituted maladministration ... We have found that by failing to engage with the residents or their proposals reasonably, HS2 Ltd unnecessarily prolonged the uncertainty that the residents were experiencing.<sup>120</sup>

HS2 Ltd. subsequently apologised, made a number of payments to those affected totalling £10,500, and made some improvements to how it interacts with the public. It also commissioned Ian Bynoe to publish an

---

<sup>117</sup> DfT, [Decision Document HS2 Phase Two: West Midlands to Crewe Property Consultation 2015](#), Cm 9286, 26 May 2016, p3

<sup>118</sup> Commons HS2 Bill Phase 1 Committee, "[High Speed Rail Bill Select Committee: Statement by the Promoter and by the Chair](#)", 20 January 2015

<sup>119</sup> HS2 Ltd., [HS2 Residents' Commissioner Report 9 – May 2018](#), 8 June 2018

<sup>120</sup> PHSO, [Report on an investigation into complaints about High Speed Two Limited](#), HC 620, 26 November 2015, p3

independent report into its complaints handling and community engagement. This was published in April 2016.<sup>121</sup>

The Public Administration and Constitutional Affairs Committee followed up the PHSO's report with its own in March 2016. PACAC concluded that on the basis of a "large body of evidence" it had received, it was "unconvinced that the necessary fundamental changes have taken place". The Committee urged "those in senior positions to recognise that this is a matter of primary importance".<sup>122</sup>

In September 2017 HS2 Ltd. published its Community Engagement Strategy, which set out its approach to community engagement with those who live or work within the communities along the HS2 route.<sup>123</sup>

---

<sup>121</sup> HS2 Ltd., [Report on HS2 Ltd's complaints handling and community engagement](#), 21 April 2016

<sup>122</sup> PACAC, [Follow up to PHSO Report of an investigation into a complaint about HS2 Ltd](#) (sixth report of session 2015–16), HC 793, 23 March 2016, p3

<sup>123</sup> HS2 Ltd., [HS2 Ltd's Community Engagement Strategy](#), 28 September 2017



## 4. Phase 2a route development

### 4.1 Higgins reports, 2014

In November 2013 the then Secretary of State for Transport, Sir Patrick McLoughlin, announced that he had asked the then Chairman of HS2 Ltd., Sir David Higgins, to report on how to reduce the cost of HS2; how its benefits could be delivered earlier and at a lower cost; and how to ensure that HS2 delivers benefits like jobs and growth.<sup>124</sup> Sir David published his report in March 2014. He made two key recommendations affecting Phase 2, one of which was that the line north of Birmingham should be extended to a new regional transport hub at Crewe by 2027, six years earlier than planned.<sup>125</sup>

Sir Patrick welcomed the report. He announced that the Government would ask HS2 Ltd. and Network Rail to undertake work looking at how the Crewe section of Phase 2 might be completed by 2027, alongside the construction of a new integrated hub station at Crewe, and at how planning for Phase 2 might be aligned with planning for Control Period 6 (2019-24).<sup>126</sup>

In October 2014 Sir David published a follow-up report. He proposed a North West hub at Crewe on the grounds that it “is the best way to serve not just the local region, but also provide services into the rest of the North West, North Wales and Merseyside” and its delivery should be accelerated to 2027 instead of 2033.<sup>127</sup> He addressed the question as to why Crewe was preferable as a hub location compared to elsewhere, particularly Stoke-on-Trent:

Stoke-on-Trent continues to mount a strong case and clearly, it is easy to understand why it would like an HS2 station. But the decision is about more than the merits of a particular destination, however strong those are. Crewe has been a major railway intersection since Victorian times. Its *raison d'être* was to offer connectivity from the North-South artery to North Wales, Merseyside, Staffordshire and the North West in general. Stoke, in contrast, offers more limited connectivity at a higher cost and has significant geological and engineering difficulties.

Crewe, therefore, remains my strong recommendation and I remain absolutely convinced of the merits of delivering a hub by 2027, rather than 2033 as originally planned.<sup>128</sup>

In a statement to Parliament Sir Patrick said that “the Government’s consideration of the evidence so far indicates that routing the western leg via Crewe would be the right strategic option. That is still to be confirmed. But we will work on ways to accelerate delivery of the section to Crewe, pending a decision on the route in 2015”.<sup>129</sup>

---

<sup>124</sup> DfT press notice, “[Sir David Higgins to drive down cost of HS2](#)”, 4 November 2013

<sup>125</sup> HS2 Ltd., [HS2 Plus: A report by David Higgins](#), March 2014

<sup>126</sup> [HC Deb 17 March 2014, cc53-54WS](#)

<sup>127</sup> HS2 Ltd., [Rebalancing Britain: from HS2 towards a national transport strategy](#), October 2014, pp8 & 28

<sup>128</sup> *Ibid.*, p28

<sup>129</sup> [HC Deb 27 October 2014, c8WS](#)

## 4.2 Government announcement, 2015

In November 2015 Sir Patrick announced that Phase 2 would be divided into Phase 2a (Fradley in the West Midlands to Crewe) and 2b (Crewe to Manchester and the West Midlands to Leeds).<sup>130</sup> Phase 2a would be delivered by 2027. It would require a separate hybrid bill to be brought before Parliament. The accompanying Command Paper stated that this change would be deliverable and desirable as it:

- is a relatively straightforward section of line to construct from an engineering point of view with only 1.8 kilometres of tunnel and 6.5 kilometres of viaduct, not passing through any major urban area;
- does not require the delivery of any new stations;
- does not require additional rolling stock;
- connects directly with Phase 1, meaning that high speed trains could continue to run all the way to Crewe from London on a dedicated high speed network as soon as the line is built;
- connects with the West Coast Main Line (WCML), bringing benefits to other locations in the North West; and
- allows passengers travelling to or from a wide range of places to connect onto HS2 services given that Crewe is already a major hub on the rail network, with regional and long distance connections to the wider North West, East Midlands, and North and South Wales.<sup>131</sup>

It further stated that Phase 2a would:

- offer journey time savings of up to 13 minutes between London and Crewe;
- relieve pressure on bottlenecks on the WCML at Colwich Junction and around Stafford;
- more than cover the costs of acceleration through additional revenue and inflation savings, compared with construction in 2033 as originally planned;
- offer value for money as a stand-alone scheme, with a BCR of 1.3 [actually 'low' value for money – see section 2.4, above];<sup>132</sup> and
- offer potential further efficiency savings and a smoother work profile by continuing construction from Phase 1.<sup>133</sup>

Atkins looked at rail alternatives to Phase 2a and concluded that none provided the same level of journey time improvements.<sup>134</sup>

<sup>130</sup> [HC Deb 20 November 2015, c23](#)

<sup>131</sup> DfT, *High Speed Two: East and West: The next steps to Crewe and beyond*, Cm 9157, 30 November 2015, para 4.3, pp55-6; more details on the strategic case can be found in: DfT, *HS2 Phase 2a: strategic case*, 30 November 2015

<sup>132</sup> for more details, see: DfT, *HS2 Phase 2a: economic case*, 8 January 2016, and [supporting documentation](#)

<sup>133</sup> op. cit., *High Speed Two: East and West: The next steps to Crewe and beyond*, para 4.6, p56; MPs representing Stoke were disappointed by the announcement, see. e.g. Tristram Hunt: [HC Deb 30 November 2015, c23](#)

<sup>134</sup> Atkins for DfT, *HS2: rail alternatives to Phase 2a*, 30 November 2015

### 4.3 Safeguarding & design refinements, 2014-17

In November 2014 the Government published a consultation document on safeguarding the route between Fradley, near Lichfield, and Crewe.<sup>135</sup> In November 2015 it published its response to the consultation, along with safeguarding directions for a 120-metre-wide corridor of land to protect this part of the route from conflicting development.<sup>136</sup>

The relevant [property scheme maps](#) are available on the Gov.uk website.

The issuing safeguarding directions meant that owner-occupiers in the safeguarded area (usually 60 metres either side of the line of route) could serve a blight notice, asking the Government to purchase their property (see section 3, above).

In September 2016 the Government published three consultations on working drafts of an environmental impact assessment (EIA) report and equality impact assessment (EqIA) report for Phase 2a, and design refinements.<sup>137</sup>

The design refinement consultation concerned three changes:

- south of Crewe, to extend the **Crewe tunnel** shown in the November 2015 design south by approximately 2,100m and re-site the tunnel portal south of the A500 and Weston Lane;
- south of Crewe to move the **spur lines** that connect HS2 to the WCML further south and to extend their length; and
- near **Stone**, to build a temporary construction facility (railhead) in-between the proposed HS2 route and the M6, which has the potential to subsequently become a permanent maintenance facility to replace the Infrastructure Maintenance Depot (IMD) currently shown at Crewe.<sup>138</sup>

In July 2017 the Government set out its decision to proceed with all of these changes and include them in the route to be safeguarded as part of the hybrid bill (see below). The most controversial of the three was the construction facility near Stone in Staffordshire.<sup>139</sup> It also stated that later in 2017 the Secretary of State would issue new safeguarding directions to safeguard the land shown on the plans deposited with the Bill.<sup>140</sup>

In September 2017 the Secretary of State for Transport, Chris Grayling, announced his intention to update the safeguarding directions for Phase

<sup>135</sup> DfT press notice, "[Safeguarding consultation on HS2 route to Crewe launched](#)", 4 November 2014

<sup>136</sup> op. cit., [High Speed Two: East and West: The next steps to Crewe and beyond](#), para 5.28, p69; and DfT, [HS2: government response to the Phase 2a safeguarding consultation](#), Cm 9172, 30 November 2015

<sup>137</sup> [HC Deb 13 September 2016, cc19-21WS](#)

<sup>138</sup> DfT, [High Speed Two Phase 2a: West Midlands to Crewe: Design Refinement Consultation](#), Cm 9285, 13 September 2016

<sup>139</sup> DfT, [High Speed Two Phase 2a: West Midlands to Crewe Government Response to the Design Refinement Consultation](#), Cm 9478, 17 July 2017

<sup>140</sup> Ibid., p4

2a.<sup>141</sup> At the same time the Government published an impact assessment for safeguarding of the HS2 Phase 2a route<sup>142</sup> as well as maps, broken down by area, showing the [Phase 2a safeguarding area](#).

## 4.4 Crewe hub consultation & outcome, 2017-18

In July 2017 the Government published a consultation on a new hub station at Crewe. The Secretary of State for Transport, Chris Grayling, told the House:

... the HS2 business case has always included two trains per hour stopping at Crewe. The phase 2a Bill includes the interventions needed to support that, but I know that there is a strong ambition to achieve even more. Today, I am therefore launching a consultation on options to develop a Crewe hub. This work shows how such a service pattern could support an HS2 service to Stoke-on-Trent and bring benefits to places like Chester, north and south Wales, Shrewsbury and Derby. Future decisions will be subject to affordability and value for money. Funding the broader vision for a Crewe hub will require national and local government to work together, but I believe that there is the potential to deliver even more benefits.<sup>143</sup>

The consultation sought views on:

- The vision for a hub station at Crewe, as recommended by Sir David Higgins in 2014 (see section 4.1, above);
- Providing 400m platforms at Crewe station in 2027 which could enable longer HS2 trains to and from London to split and join at Crewe, meaning other destinations, such as Stoke-on-Trent, could be served by a high speed service;
- Providing a junction north of Crewe station to connect the West Coast Main Line (WCML) and the high-speed line, in 2033 as part of HS2 Phase 2b. This could enable northbound high speed connectivity from Crewe, providing more seats between Crewe and London;
- Levels of future freight growth that should be considered in planning a Crewe Hub;
- Levels of growth in local and regional passenger services that should be considered in planning a Crewe Hub; and
- The role the local area could play in realising a Crewe Hub, including by way of local funding contributions and evidence for potential levels of growth.<sup>144</sup>

The paper restated the underpinning assumptions in the HS2 business case of two HS2 services stopping at Crewe station each hour, in each direction, providing services to London, Preston and Liverpool. However,

---

<sup>141</sup> [Chris Grayling letter to Lilian Greenwood](#), 27 September 2017 and [HC DEP 2017-0561](#)

<sup>142</sup> DfT, [HS2 Phase 2a safeguarding impact assessment](#), 27 September 2017

<sup>143</sup> [HC Deb 17 July 2017, c662](#)

<sup>144</sup> DfT, [Crewe Hub Consultation](#), Cm 9477, 17 July 2017, p7

“no further changes to the HS2 stopping service patterns at Crewe station have been assumed with the expected opening of Phase 2b in 2033”.<sup>145</sup> It also warned:

The lines between Crewe and Manchester and between Crewe and Weaver will be nearing full capacity between 2027 and 2033, with existing freight, new HS2 trains, and conventional rail services. This will limit options for growth between 2027 and 2033, prior to Phase 2b infrastructure releasing capacity on these lines by providing an alternative route (the preferred route for the Western Leg of Phase 2b passes Crewe under tunnel).<sup>146</sup>

HS2 Ltd. specified three scenarios to demonstrate the potential value for money of developing a Crewe Hub:

- Scenario 1 – Crewe Hub route serving Stoke-on-Trent (through splitting and joining one train per hour);
- Scenario 2 – Crewe Hub route serving Stoke-on-Trent and upgrading capacity (through splitting and joining two trains per hour); and
- Scenario 3 – Crewe Hub with a new northern junction (which is in addition to Scenario 2).<sup>147</sup>

While the scenarios were intended to inform development of options for infrastructure at Crewe, train services themselves were not a subject of the consultation as these would be matters for the new West Coast Partnership franchise.<sup>148</sup>

Scenario 3 – the junction with the West Coast Main Line (WCML) north of Crewe – and the right infrastructure at Crewe itself could enable additional HS2 services to stop at Crewe in 2033.<sup>149</sup> It stated:

Combined with the option to split and join two trains ... this scenario would see Crewe receive five HS2 trains per hour from the south and up to seven trains per hour from the north (seven as a result of splitting and joining).

Under this option, Crewe would have direct HS2 services to key destinations including London, Old Oak Common, Birmingham, Manchester Airport, Manchester Piccadilly, Preston, Liverpool, Glasgow and Edinburgh.

There could be options in the future for potentially combining services to Manchester from Birmingham via Crewe with future Northern Powerhouse Rail ambitions for better connectivity between the northern cities.<sup>150</sup>

However, the interventions necessary to deliver these services were not included or funded within the existing scope of the HS2 programme.<sup>151</sup>

---

<sup>145</sup> Ibid., para 2.6

<sup>146</sup> Ibid., para 2.8

<sup>147</sup> Ibid., p30

<sup>148</sup> For more information on the West Coast Partnership, see section 6 of HC Library briefing paper [CBP 316](#) on Phase 1

<sup>149</sup> Op cit., [Crewe Hub Consultation](#), para 5.19

<sup>150</sup> Ibid., paras 5.23-5

<sup>151</sup> Ibid., para 5.26

The Government published the outcome to the consultation in March 2018.<sup>152</sup> The Government announced its support for the 'Crewe Hub vision'. To that end, it stated that plans for Phase 2a would be modified to include:

- provision of 400m platforms, extending Platform 5, to allow for the splitting and joining of HS2 services, which also opens opportunities to serve Stoke-On-Trent via HS2
- a more efficient design for the proposed platform on the Manchester independent lines, incorporating a transfer deck to the main station
- a change to the design of the southern connection from HS2, so that HS2 joins (and takes over) the central two lines on the existing network [...]
- a junction north of Crewe, enabling HS2 trains to call at Crewe and then re-join the HS2 main line, as part of Phase 2b
- completing the full transfer deck across the station to Weston Road and potentially to Gresty Road with new entrances to support local regeneration ambitions and further improve the passenger experience.<sup>153</sup>

It further stated that Network Rail "continues to evaluate whether, as part of its renewal design, reinstatement of platform 13 would be an affordable alternative to the independent lines platform. If so, this would be a further improvement for transferring passengers and freight".<sup>154</sup>

It also said that these interventions, "if combined with a junction north of Crewe", could in future allow Crewe station to support "5–7 HS2 trains per hour calling at Crewe and frequencies of 3-4 trains per hour on each of the regional links".<sup>155</sup>

---

<sup>152</sup> DfT press notice, "[Government confirms commitment to Crewe Hub vision](#)", 9 March 2018

<sup>153</sup> DfT, [Crewe Hub: Consultation Response](#), CM9574, 9 March 2018, paras 3-4

<sup>154</sup> *Ibid.*, para 5

<sup>155</sup> *Ibid.*, para 6

## 5. High Speed Rail (West Midlands - Crewe) Bill 2017-19

On 17 July 2017 the Government published and formally deposited the [High Speed Rail \(West Midlands - Crewe\) Bill 2017-19](#) along with the accompanying documentation, including Explanatory Notes and the Environmental Statement (ES). There has been one Additional Provision, with a second expected around the turn of the year (end 2018/early 2019).

This is a hybrid bill, the second such Bill to provide for the construction of the HS2 rail line from London to the North of England. A third Bill, for Phase 2b from Crewe to Manchester and from Birmingham to Leeds, is expected by the end of 2020.<sup>156</sup>

### 5.1 What is a hybrid bill?

'Hybrid' bills are so called because they have characteristics of both public and private bills. What this means, in its simplest terms, is that while a bill may be of general application, its contents would significantly affect the interests of particular individuals or organisations. In effect, it is a public bill with, in this case, a planning process attached. This sort of Bill is most often used for big infrastructure projects. In the past 25 years there have been three: the Channel Tunnel Rail Link (HS1) in 1994-96, Crossrail in 2004-08 and HS2 Phase 1 in 2013-17.<sup>157</sup>

The procedures followed in Parliament in considering hybrid bills incorporate aspects of both public bill and private bill procedures. Promoters of hybrid bills do not need to prove the need for their bill (as promoters of private bills do), the principle of a hybrid bill is endorsed through it being given a Second Reading. Between a hybrid bill's introduction and Second Reading, time is provided for members of the public to comment on the Environmental Statement (ES) published with the Bill and for a review to be prepared for consideration by MPs.

Following Second Reading, hybrid bills are committed to a select committee to allow those directly and specially affected by the Bill to petition against aspects of the Bill to which they object. It can amend the Bill to address particular affects the Bill places on those who petitioned against it. After the select committee has reported, a hybrid bill is considered in Committee, on Report and debated at Third Reading, like a public bill.

There was criticism of the hybrid bill process from all quarters during consideration of the HS2 Phase 1 Bill.<sup>158</sup> In its final report the HS2 Phase 1 Select Committee raised some concerns about the functioning of the

For full details of what a hybrid bill is and how it progresses through Parliament, please refer to HC Library briefing paper [CBP 6736](#)

<sup>156</sup> Previously 2019; see: "[Manchester section of HS2 'delayed by a year'](#)", *Manchester Evening News*, 5 September 2018

<sup>157</sup> For details see: HC Library briefing papers [SN267](#) for HS1; [SN876](#) for Crossrail and [SN316](#) for HS2 Phase 1

<sup>158</sup> See, e.g. [HC Deb 3 April 2014](#), c1005 (Cheryl Gillan), c1013 (Christopher Pincher), and cc1016-17 (Michael Fabricant) and op cit., [HS2 Plus: A report by David Higgins](#), p16



hybrid bill process, which form part of an ongoing Parliamentary review of hybrid bill procedure.<sup>159</sup>

As part of the first phase of the review's implementation, ahead of petitioning for Phase 2a, the House agreed to changes to the Private Business Standing Orders to allow electronic petitioning and for a petitioner to allow anyone to represent them without that person having to provide a certificate of respectability and sign the Private Bill Office's Roll B register. The Standing Order changes also give Members of Parliament the right to petition, as well as providing an explicit mechanism for setting the petitioning period and dealing with late petitions.

## 5.2 What does the Bill do?

This Bill provides the powers and authorisation required for the construction of the proposed high-speed rail line between a junction with Phase 1 of HS2, near Fradley Wood in Staffordshire, and a junction with the West Coast Main Line near Crewe in Cheshire:

Phase 2a ('the Proposed Scheme'), is the western section of Phase Two between the West Midlands and Crewe, comprising approximately 36 miles (58 kilometres) of HS2 main line (including the section which would connect with and form the first part of Phase 2b) and two spurs (approximately 4 miles, 6 kilometres) south of Crewe that will allow trains to transfer between the HS2 main line and the West Coast Main Line (WCML). It will connect with Phase One at Fradley, to the north-east of Lichfield, and connect to the WCML south of Crewe, enabling high speed trains to call at Crewe Station, and to provide onward services beyond the HS2 network, to the north-west of England and to Scotland.<sup>160</sup>

As such, it speaks to both the principle of the scheme ('should we build HS2') and its details ('how it will be constructed'). The official cost estimate, published alongside the Bill, is for £3.479 billion.<sup>161</sup>

The Bill is (unsurprisingly) similar in structure and content (aside from detailed works) to the HS2 Phase 1 Bill. There are five main elements of the Bill:

- The **authorisation of necessary works** to construct and maintain Phase 2a of the HS2 line (powers to carry out these works are conferred on the 'nominated undertaker');
- The **power to acquire land** (and limited rights in land) necessary for the works to be carried out;
- The **deeming of planning permission** to be granted for the works;

<sup>159</sup> HS2 Bill Committee, *Second Special Report of Session 2015–16*, HC 129, 22 February 2016, paras 348-401; and UK Parliament, *Review of petitioning procedures on Hybrid Bills in the House of Lords: views sought*, 2016

<sup>160</sup> DfT, *High Speed Rail (West Midlands - Crewe) Environmental Statement, Volume 5: Technical appendices Working Draft Environmental Impact Assessment Report: Consultation Summary Report* (CT-008-000), 17 July 2017, p1

<sup>161</sup> HS2 Ltd., *Estimate of Expense for HS2 Phase 2a*, 17 July 2017

- The **deregulation of works** on HS2 (the disapplication of certain powers contained in other legislation); and
- **Railways matters**, essentially the application of existing legislation to HS2 and the future regulatory regime for the line.

There are also powers to enable works to connect and ensure compatibility with the existing railway and the conventional network; applying the Act to other high-speed rail networks; rights of entry; application to the Crown and other matters.

The Bill extends to the whole of the UK, even though the scheme provided for in the Bill is situated entirely within England. This mirrors the extent of previous hybrid bills. Unlike the HS2 Phase 1 Act, this Bill contains at initial publication no provisions that trigger the Sewel Convention.<sup>162</sup> None of the provisions in the Bill would have an impact on matters which have been devolved to Scotland, Wales or Northern Ireland.<sup>163</sup>

A detailed clause-by-clause analysis can be found in the [Explanatory Notes](#) to the Bill. In addition, the Department for Transport and HS2 Ltd. have published a series of [information papers](#) to aid in understanding the various parts of the Bill. The papers provide detailed information on the following:

- Understanding the hybrid bill;
- Main provisions of the planning regime;
- Limits on parliamentary plans;
- Disapplication of legislation;
- Compliance with undertakings and assurances;
- Environmental impact assessment and human rights;
- Railway powers in the bill;
- Time limits in the bill;
- Introduction to hybrid bill powers; and
- Hybrid bill process

Further [policy information papers](#) are available on equality, diversity and inclusion; skills and employment; the education programme; and the National College for High Speed Rail.

We know from consideration of the Phase 1 Bill that the bulk of the scrutiny of the Bill and in particular how it directly affects those living near the route, occurs at Commons and Lords select committee stage, where those affected get the chance to Petition. Wider Parliamentary scrutiny may well focus in on a smaller number of issues and seek amendment to the Bill to secure changes. Again, based on the scrutiny of the Phase 1 Bill, issues which may arise include:

---

<sup>162</sup> [Bill 006 EN 2017-19](#), paras 12-13; for more on the Sewel Convention see HC Library briefing paper [SN2084](#)

<sup>163</sup> *Ibid.*, para 14

- Requiring the Secretary of State to report to Parliament on the reasons for use of his compulsory purchase powers;
- Providing that railway services on the route be run by a public sector operator;
- Making specific provision for the design and integration of the Crewe Hub;
- Requiring the nominated undertaker to report on the construction impacts of the Phase 2a works;
- Requiring further mitigation for those affected by construction works and traffic; and
- Providing for an 'HS2 adjudicator', an independent regulatory body, to review and monitor progress during construction, and to hold HS2 to account in delivering what has been promised in environmental and other mitigations.<sup>164</sup>

There is one measure in particular which is not contained in this Bill – as it was not contained in the HS2 Phase 1 Act, but which is included in the Crossrail Act<sup>165</sup> – to allow a **public sector operator to run services** on the route. When the HS2 Phase 1 Bill was going through Parliament, the Shadow Transport Spokesman, Andy McDonald, spoke to New Clause 20 to allow HS2 services and any other rail services adversely affected by the construction of HS2 to be run in the public sector.<sup>166</sup> New clause 20 was negatived on division by 273 votes to 184.

### 5.3 Environmental Statement

The Environmental Statement (ES) is a key part of the overall package which accompanies the Bill – Parliamentary Standing Orders require a formal report on environmental impact to be submitted alongside the Bill.

The ES is a large collection of documents. It contains likely significant environmental impacts along the route and measures to avoid, manage and reduce these. There is a non-technical summary, five volumes, a glossary and a number of map books and appendices:

**If you want an overview of the whole report, the Non-Technical Summary is a useful place to start.**

Non-Technical Summary – This provides a summary in non-technical language of the Phase 2a route, the likely environmental effects of the new railway, and how we propose to avoid, reduce or manage these effects.

Volume 1: Introduction and methodology – This provides:

- a description of HS2 and Phase 2a, the impact assessment process and our approach to consultation and engagement
- details of the permanent features of the planned new railway and generic construction techniques

The ES and all its relevant documents and maps can be found on the [Gov.uk website](https://www.gov.uk).

<sup>164</sup> For more information on how these issues were discussed during deliberations on Phase 1, see section 4 of HC Library briefing paper [CBP 316](#)

<sup>165</sup> [Section 25](#) of the *Crossrail Act 2008*

<sup>166</sup> [HC Deb 23 March 2016. c1613](#)

- a summary of the scope and methodology for the environmental topics
- a summary of the strategic, route-wide and route corridor alternatives to the planned new railway and local alternatives considered prior to November 2015.

This volume is supported by a glossary to explain terms that appear frequently in the rest of the reports.

Volume 2: Community area reports This consists of five reports, together with maps, which provide a description of the planned new railway, divided into five community areas – see the box opposite.

Volumes 3 and 4: Route-wide and off-route effects

Volume 3 describes the impacts and effects likely to occur at a geographical scale greater than the community areas in Volume 2.

Volume 4 describes any impacts and effects identified beyond the immediate areas surrounding the proposed line of route. This volume includes a map book that illustrates our proposals in this area.

Volume 5: Technical appendices This consists of supporting information, and the specific assessments that have been conducted to establish the environmental effects of the route. It includes information organised by environmental topic and by community area, as well as map books relevant to individual reports.<sup>167</sup>

The Government consulted on a draft ES in 2016.<sup>168</sup> Alongside the Bill on 17 July 2017 it published the final ES for consultation. The consultation closed on 30 September.<sup>169</sup> On 20 November the House of Commons published the HS2 Independent Assessor's (Golder Associates) summary of issues raised by comments on the environmental statement. In total, 16,768 responses were received by the Assessor (compared to almost 22,000 for the Phase 1 Bill, which covered a longer length of route and two heavily populated urban centres, including London). The Assessor highlighted three key concerns raised in multiple responses:

1. The impact of the proposed line on the loss of Ancient Woodland on the route, in particular Whitmore Wood;
2. Adverse impacts on farming and rural businesses, even possibly leading to a threat to future viability; and
3. Proposals for the railhead near Stone to support route construction and possibly become a permanent feature.<sup>170</sup>

Some respondents also raised concerns about the configuration of the route through **Crewe and the Crewe hub**:

Two spurs are proposed south of Crewe to transfer between the HS2 mainline, north to the West Coast Mainline (WCML) and

---

<sup>167</sup> DfT, [A guide to the HS2 Phase 2a environmental statement](#), 17 July 2017

<sup>168</sup> DfT, [HS2 Phase 2a \(West Midlands to Crewe\) Working Draft Environmental Impact Assessment Report](#), 13 September 2016

<sup>169</sup> DfT, [HS2 Phase 2a \(West Midlands – Crewe\) hybrid Bill environmental statement](#), 17 July 2017

<sup>170</sup> [High Speed Rail \(West Midlands - Crewe\) Bill: summary of issues raised by comments on the Environmental Statement](#), HC 597, 20 November 2017, executive summary

south, to London. To facilitate the connection of the spurs to the West Coast Main Line modifications will be required to the existing West Coast Main Line infrastructure in the South Cheshire area (CA 5).

[...] Comments specifically mentioning the WCML discussed the potential for HS2 to release capacity on the line and the opportunity for the project to support freight growth. The routing of the line through Crewe was mentioned as key in this regard. Support was given by freight operatives for the railhead at Stone (to replace the IMD at Crewe) but with a note of caution to secure additional capacity of the WCML to enable effective growth.

Concerns were raised by freight operatives who suggested opportunities to create an integrated hub Crewe station to support a higher performing network were missed.<sup>171</sup>

## 5.4 Additional Provisions

There has so far been one set of 'Additional Provisions' (AP), with a second (AP2) expected in late 2018/early 2019.

The Government announced [AP1](#) in March 2018. This covered the following:

... a minor change in the alignment of the Phase 2a route near Stone. Other changes relate to ongoing design discussions with utility companies, to highway works on junctions to address traffic and safety issues, and requirements for additional land for environmental mitigation works. In some cases, these changes affect land some distance from the line of route.<sup>172</sup>

Along with AP1 the Government published an accompanying Environmental Statement setting out any likely significant effects from the changes in the AP, alongside a *supplementary* environmental statement reporting new environmental information relating to the scheme.<sup>173</sup> This was subject to public consultation. The independent technical assessor's report on the consultation was published on 7 August.<sup>174</sup>

The Government is expected to deposit a further AP at the end of 2018 or beginning of 2019. The Commons HS2 Phase 2a Select Committee (see below) urged the Government in successive reports to deposit AP2 sooner rather than later. Its First Report of May 2018 stated:

We understand that Additional Provision 2 is currently scheduled for publication in December 2018. We would welcome an earlier publication so that we can begin consideration in the autumn. Earlier consideration of the Additional Provision could facilitate cost savings and we ask the Secretary of State to consider this proposal.<sup>175</sup>

---

<sup>171</sup> Ibid., pp27-8

<sup>172</sup> [High Speed Rail \(West Midlands - Crewe\) Bill: Additional Provision: Written statement - HCWS581](#), 26 March 2018

<sup>173</sup> For documentation, maps etc., see: DfT, [HS2 Phase 2a Additional Provision and Supplementary Environmental Statement and \(March 2018\)](#), 23 March 2018

<sup>174</sup> For the consultation, report and associated documents, see: DfT, [HS2 Phase 2a Supplementary Environmental Statement and Additional Provision Environmental Statement Consultation \(March 2018\)](#), 7 August 2018

<sup>175</sup> HS2 Phase 2a Committee, [First Special Report of Session 2017–2019](#), HC 1085, 24 May 2018, para 75

Its Second Report of July 2018 further stated: “It is anticipated that a second Additional Provision will be deposited “around the turn of the year”. We would prefer to see it deposited in early December at the latest”.<sup>176</sup>

## 5.5 Parliamentary stages

### Commons early stages

The Bill received First Reading in the Commons on 17 July 2017.

The next stage was for the bill to be formally declared a ‘hybrid’, and not a ‘public’ bill. This process is undertaken by the Parliamentary Examiners of Petitions for Private Bills. In the case of a bill that is thought to be hybrid, the Examiners are required to determine whether the Standing Orders relating to private bills should apply to the Bill. Their determination is based on the test of whether the Bill affects particular private interests of individuals or organisations differently from others in the same class or category.<sup>177</sup> Until the Examiners report, the Bill is described as prima facie hybrid. Typically, a bill relating to the construction of a new railway would meet that test, owing to the different effects of the railway on similar categories of person

On 12 September 2017, the Examiners reported that for the HS2 Phase 2a Bill certain Standing Orders had not been complied with. Their report was referred to the Standing Orders Committee.<sup>178</sup> In such a case the Standing Orders Committee considers whether Standing Orders that have not been complied with can be dispensed with to allow the Bill, or a portion of it, to be proceeded with. On 20 November 2017, the Standing Orders Committee agreed that the Standing Orders could be dispensed with.<sup>179</sup>

The Bill received Second Reading on 30 January 2018 by 295 votes to 12.<sup>180</sup> The House also agreed the instruction to the Select Committee to treat as the principle of the Bill (i.e. ‘not be at issue during proceedings of the Committee’) the following:

- (a) the provision of a high speed railway between a junction with Phase One of High Speed 2 near Fradley Wood, in Staffordshire, and a junction with the West Coast Mainline near Crewe in Cheshire,
- (b) in relation to the railway set out on the plans deposited in July 2017 in connection with the Bill in the office of the Clerk of the Parliaments and the Private Bill Office of the House of Commons, its broad route alignment, and
- (c) the fact that there are to be no new stations on, or additional spurs from, the railway mentioned in sub-paragraph (b);<sup>181</sup>

---

<sup>176</sup> HS2 Phase 2a Committee, [Second Special Report of Session 2017–19](#), HC 1452, 23 July 2018, para 3

<sup>177</sup> House of Commons, [Standing Orders of the House of Commons – Private Business, 2017](#), November 2017, Standing Order 224

<sup>178</sup> House of Lords and House of Commons, [Examination Of A Public Bill Which Is Prima Facie Hybrid: High Speed Rail \(West Midlands – Crewe\) Bill](#), 12 September 2017

<sup>179</sup> [House of Commons Votes and Proceedings](#), 20 November 2017

<sup>180</sup> [HC Deb 30 January 2018, cc720-786](#) and [Division 109](#)

<sup>181</sup> *Ibid.*, cc789-90

This was very similar in structure to the instruction given to the relevant select committee prior to the committal of the HS2 Phase 1 Bill. The issuing of instructions to the Select Committee can be a critical stage, as the nature and contents of those instructions steer the Committee in its deliberations. Instructions can prevent the Committee from amending certain provisions or allow it to make alterations to infrastructure provided for in the Bill.<sup>182</sup>

Finally, the House agreed a carry-over motion, which would allow for the Bill to continue to be considered in a new session of Parliament, should it not receive Royal Assent in the current session.<sup>183</sup>

### Commons select committee

At Second Reading the Bill was committed to a Select Committee and the House passed a motion setting out the timetable for Petitioning against the Bill.

The Committee has [five members](#): James Duddridge (Chair), Conservative; Sandy Martin, Labour; Mrs Sheryll Murray, Conservative; Martin Whitfield, Labour; and Bill Wiggin, Conservative.

The Committee's role is:

... to hear petitioners who wish to petition against the scheme contained in either the Bill or Additional Provisions or both. The Committee may also invite the Secretary of State for Transport, represented by Counsel to respond to the petitioners' points. The Committee will then make decisions based on the evidence heard, which may mitigate or compensate for the adverse impact of the Bill's provisions on petitioners.<sup>184</sup>

There were 187 petitions against the Bill. The Secretary of State challenged the right to be heard of 26 of those petitioners.<sup>185</sup> The Committee received a further 33 petitions against the Additional Provision (AP) – see section 5.4, above.<sup>186</sup>

The Committee published its First Report in May 2018. It made a decision “in principle” to reject the proposal for a single tunnel between Whitmore Heath to Madeley. It also rejected the proposal for the Infrastructure Maintenance Base-Railhead to be built at Aldersey's Rough. It said:

Both options are costly and the Committee would prefer to see resources redirected to the affected and wider communities in the form of road network improvements, environmental and community benefits. The height of the viaduct at Kings Bromley was a concern of petitioners and we welcome the assurance given by given by HS2 to Staffordshire County Council and Lichfield District Council that discussions are underway.<sup>187</sup>

<sup>182</sup> For example, the select committee considering the *Crossrail Bill* was instructed to treat the principle of the bill as including the termini of the railway and certain intermediate stations [[HC Deb 19 July 2005 c1218](#)]

<sup>183</sup> [HC Deb 30 January 2018, cc790-91](#)

<sup>184</sup> Op cit., [First Special Report of Session 2017–2019](#), para 6; in June 2018 the Committee published a short guide to effective petitioning, available on the [Parliament website](#)

<sup>185</sup> Ibid., para 7

<sup>186</sup> Ibid., para 10

<sup>187</sup> Op cit., [First Special Report of Session 2017–2019](#), summary, p3



Between May and June the Department for Transport published assurances to the National Farmers Union, the Country, Land and Business Association and Staffordshire County Council about various aspects of the scheme.<sup>188</sup>

On 25 June the DfT and HS2 Ltd. published the Promoter's response to the First Report. It stated:

The extension to the southern portal of the Whitmore tunnel, and an associated lowering of the River Lea viaduct, will be included in an Additional Provision to the Bill, which is expected to be deposited around the turn of the year. The Promoter will produce and publish an updated cost of the lowering of the viaduct and extension of the southern portal of the Whitmore tunnel, over and above the cost of the original proposals in the Bill, when it deposits the Additional Provision.<sup>189</sup>

It also promised:

- £2 million [Woodland Fund](#) to help local landowners create native, broadleaf woodlands and restore ancient woodland sites;
- £6.5 million [Road Safety Fund](#) to help to improve traffic and pedestrian, cycle and equestrian safety along the whole route;
- Alterations to roads along the route; and
- A [Phase 2A Planning Forum](#) in Summer 2018 comprising the two local highway authorities, Highways England and the Department for Transport.<sup>190</sup>

In its Second Report, published in July 2018, the Select Committee observed that the Promoter had not, in its response, "suggested any improvements to engagement with those members of the community without access to information technology", but that this has been partially remedied on 2 July in relation to residents of Whitmore Heath.<sup>191</sup>

The Second Report announced a series of decisions to "give direction to HS2 in a small number of cases where we feel that it is right to do so at this stage. This will enable HS2 to begin work to give effect to the decisions in Additional Provision 2".<sup>192</sup> These are site specific and local in nature. The Committee also made several general recommendations on route-wide issues. In brief, these were as follows:

- **Access to land purchased under compulsory purchase orders:** directed the Promoter to look at the issue of farmers being asked to pay for maintenance costs of access tracks across land that had been compulsorily purchased by HS2 Ltd. so that petitioners and others are not disadvantaged;
- **Accessibility:** recommended that HS2 Ltd. work with the Plain English Society to ensure that more attention is paid to providing letters with the recipient in mind and to consider attaching a

---

<sup>188</sup> DfT, [HS2 Phase 2a: Assurances given during Select Committee](#), 9 May 2018

<sup>189</sup> DfT/HS2 Ltd., [Promoter's response to the Select Committee's First Special Report of Session 2017-19](#), 25 June 2018, para 11

<sup>190</sup> Op cit., [Second Special Report of Session 2017-19](#), para 7

<sup>191</sup> Ibid., para 8

<sup>192</sup> Ibid., para 25

picture or flow diagram to the letter to make the process clearer to the reader. It also directed it to engage at a local level, listening to local landowners and residents;

- **Approach:** recommended that HS2 Ltd. ensure that farms and businesses are not disadvantaged by the compensation process and dialogue on timing of any compensation payments is taken into account;
- **Right of entry:** recommended that where a possession is for any period of longer than a week or for any purpose which will seriously alter the use of the land, farmers should be given advance warning of the quarter of the year during which that possession is likely to be taken and notice should be not less than three months prior to that quarter;
- **Communication:** said that there should be a process where community liaison officers identify where specialists are required and set up meetings. If there is a reason why HS2 Ltd. is not able to supply people with the specialist knowledge then it should be communicated to those along the route the reason why;
- **Highways and access routes:** directed HS2 Ltd. to widen the bridge at Yarnfield Lane to ensure better safety for all users; hold discussions with Staffordshire County Council about improving access through Ingestre during the construction works; exceed the guidelines issued by the British Horse Society and promote a greater standard on its route; and look at the safety of Den Lane;
- **Mental health issues:** directed HS2 Ltd. to commission an ongoing epidemiological report to address community health and wellbeing, draw on international best practice in this area, and provide, fund and integrate an additional mental health service; and
- **Residents' Commissioner and the Construction Commissioner:** directed that individuals affected by the scheme have a dedicated single point of contact or case officer within HS2 Ltd. to ensure that any messages between the organisation and the individual or family or business remain clear and constant and personal.<sup>193</sup>

As indicated in section 5.4, above, the Committee will resume hearings in public once AP2 has been published and Petitioning against it has begun. It will then publish a final report.

## What happens next?

Once the select committee has concluded its deliberations and reports the Bill to the House, it will proceed to Public Bill Committee stage, Report and Third Reading before it moves to the House of Lords. This will be some time in 2019.

Progress can be tracked on the [Bill page of the Parliament website](#).

---

<sup>193</sup> Ibid., pp13-17; there were also issues raised as regards the way compensation applies in some particular cases that came to the Committee's attention, see paras 76-83

### About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publicly available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email [papers@parliament.uk](mailto:papers@parliament.uk). Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email [hcenquiries@parliament.uk](mailto:hcenquiries@parliament.uk).

### Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).