



High Speed Rail (Preparation) Act 2013

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HS2 is a £42.6 billion 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 in 2032. It was supported by the Labour Government after 2009 and has had the support of the Conservative-Liberal Democrat Coalition Government since May 2010.

In the 2013 Queen's Speech the Government announced a 'paving bill' to authorise further spending on preparation for the HS2 project. The Government estimates that since 2009 it has spent upwards of a quarter of a billion pounds developing HS2.

On 25 November 2013 the Government intends to publish the first Hybrid Bill to authorise the construction of Phase 1 of HS2 (from London to Birmingham).

This note summarises the Parliamentary stages of the paving bill through to Royal Assent on 21 November 2013.

The broader policy issues to do with HS2 are examined in two papers:

- [HC Library note SN316](#), which takes forward the HS2 debate **from January 2012**; and
- [HC Library Research Paper RP 11/75](#) which describes the scheme prior to that point and the extensive debates about its value or otherwise [published 17 November 2011].

These briefings and other notes about rail issues are available on the [Railways Topical Page](#) of the Parliament website.

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1 What is HS2?

Overview

‘High Speed 2’ or HS2 is a £42.6 billion 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 in 2032.

Since HS2 rose up the political agenda during 2008-09, it has been subject to a great deal of debate and comment, presented by both supporters and opponents of the planned scheme. Before the 2010 General Election all main political parties had declared their support for some sort of high speed rail network linking London with the Midlands and North of England and Scotland. The parties had different proposals for the particular route they thought would best serve the first leg of the network, from London to Birmingham: Labour picked a route from Euston via a station at Old Oak Common through the Chilterns to the West Midlands, the Conservatives favoured a route via Heathrow that would then follow the M4 corridor. After the election, each party adopted the other’s preferred route scheme. There have been reports that Labour is currently reassessing its support for the scheme and the likely route it would prefer.

Some of the debates about HS2 are ‘big picture’ – about the use of public money to build a ‘white elephant’ in the pattern of other large, expensive schemes, or about the ability of such an investment to generate economic growth, particularly in the north of England. Other debates are technical and detailed and pertain to the robustness of data and forecasting

used in the Government's case for HS2; some are also environmental and are centred around the potential impact of HS2 on emissions and climate change, as well as immediate impacts on homes, communities and habitats.

Broadly, **the case made by proponents of HS2** is as follows:

- Strategically, the UK's rail network is behind those of our European and Asian competitors who have already invested extensively in HSR; even the United States, not known for its enthusiasm for inter-urban public transport, announced plans to invest in an HSR network;
- The UK economy has struggled to get back on its feet following the recession and the Government has stated that rejuvenating the economies of the English regions is critical to the recovery; evidence from abroad points to HSR being able to help with that;
- The West Coast Main Line is forecast to reach capacity within 15 years, while demand will continue to grow; without extra capacity on the WCML it could have a serious negative impact on the economy; HSR is the only option that provides enough capacity to meet this projected demand;
- The extra capacity on the HSR line will free up capacity on the conventional network, particularly the WCML, to accommodate better stopping passenger services and more freight corridors;
- HSR will shorten the journey times between London, the Midlands and the North of England and Scotland, encouraging economic development in those areas currently considered to be too far from London;
- HSR will be affordable for the taxpayer who will, in any case, make some of their money back through letting an infrastructure franchise once the project is completed; and it will be affordable for the passenger, with a spread of fares guaranteed to accommodate all incomes;
- HS2 will be carbon neutral so it will not have any adverse climate impacts and any immediate environmental impacts will be properly mitigated; and
- Evidence from abroad suggests that HS2 could encourage modal shift from short haul aviation to rail, reducing carbon impacts and helping the UK meet its climate change targets.

The **case made by those opposed to HS2** can be summarised as follows:

- Just because the rest of the world does something does not mean it is right for the UK with its particular geography; the lessons from abroad about the utility and impact of HSR are mixed and the commitment to such schemes by countries such as the US is questionable;
- There is no evidence that HSR will deliver any economic benefits to the regions; the basis on which the Government has asserted the billions of pounds of benefits is specious and unproven;

- The Government's forecasts for future demand requirements on the West Coast Main Line are dubious and therefore the need to provide the vast amount of capacity that HS2 would deliver is not certain; where more capacity is needed along that corridor it can be better and more cheaply provided via improvements to the existing network;
- On the Government's plans, stopping services on the conventional WCML line will be reduced;
- There is evidence that closer proximity to a major economic centre, such as London, could adversely affect smaller economies rather than stimulate them;
- HS2 is too expensive at a time when the country's economic future is still uncertain; the money allocated to the project could be better spent elsewhere and evidence from HS1 and other projects indicates that HS2 will be a 'rich man's railway';
- HS2 will have no positive carbon impacts, and its effects on the local environment, particularly through the Chilterns, could be catastrophic; and
- Evidence that HS2 will encourage modal shift is slight – domestic aviation is already in decline and without proper links to HS1 and Heathrow the chances of reducing short haul aviation are small; significant modal shift from road to rail is unlikely.

Parties on both sides are passionate in their beliefs and made the case in public forums across the country during the initial consultation process on HS2 and before the Transport Select Committee during its 2011 inquiry. All parties have continued to make their arguments before various Parliamentary Committees, in public debates and fora and in response to ongoing consultation about phase 2. This will undoubtedly continue when the Hybrid Bills to build the line finally come before Parliament later in 2013 and after the 2015 election.

Legislative timetable

The legislative timetable for the project is as follows:

- the consultation on phase 2 will close in January 2014; the Government's decision will be announced before the end of 2014;
- the Bill for phase 2 will not be introduced before the 2015 General Election;
- the Bill for phase 1, due to be introduced into Parliament on 25 November 2013, is highly unlikely to pass through Parliament before the next election (an educated guess based on previous schemes such as the Channel Tunnel Rail Link (HS1) and Crossrail is between two and four years for the bill to pass).

Estimated expenditure to date and revised total costs

It is difficult to estimate how much has been spent to date on preparing for HS2, as the main estimates are now almost eighteen months old, the scope of the project has changed and the Government has incurred expenditure for unanticipated costs such as fighting judicial reviews. In March 2013 the Government indicated that between 2009 and 2012 the Government spent £58.43 million on development work for HS2, with an estimated £214 expected to be spent in 2012-13.¹ In response to a March 2013 WPQ the Minister stated that "Overall cost estimates will be updated to inform the Estimate of Expense deposited with the

¹ [HL Deb 7 March 2013, c417WA](#)

Hybrid Bill later in 2013”.² However, in the 2013 infrastructure statement, the Chief Secretary to the Treasury, announced that the HS2 budget for 2015/16 to 2020/21 would be £16 billion.³

The key recent development in terms of cost is the announcement by the Secretary of State, Patrick McLoughlin, during the Second Reading debate on the paving Bill that the total projected cost of the scheme had risen by about £10 billion to £42.6 billion (£21.4 billion for phase 1 and £21.2 billion for phase 2).⁴ This does not include the cost of the rolling stock (estimated to be in the region of £7.5 billion – though it is not yet certain whether this cost will be borne by the private or the public sector) or VAT (where there remains uncertainty whether the Government will need to pay it and if so, whether it will be possible to claim it back). It is also not clear whether the estimate for phase 2 includes a spur to Heathrow.

2 What is a ‘paving bill’?

Following some speculation in the press,⁵ the Secretary of State for Transport, Patrick McLoughlin, told the House on 28 February 2013 that: “I have ... set out my intention to secure the authority for departmental expenditure on HS2 phase 2 by way of a paving Bill, when parliamentary time is available”.⁶ Earl Attlee gave some more detail on 7 March:

When parliamentary time allows, it is the Secretary of State for Transport's intention to introduce an HS2 paving bill. The proposed paving bill would ensure that, subject to the hybrid bill achieving Royal Assent, we are able to deliver the HS2 project as fast as possible. It would provide the Secretary of State with parliamentary approval to incur essential expenditure on preparatory works in advance of the proposed hybrid bill achieving Royal Assent. This would allow the construction programme to proceed as quickly as possible thereafter. It will also provide Parliament with an additional opportunity to debate elements of the HS2 project.⁷

HM Treasury’s *Managing Public Money*, a document which “sets out the main principles for dealing with resources used by public sector organisations in the UK”,⁸ refers to paving bills in an Annex on “New Services”:

Paving bill

If, exceptionally, the preparatory work on a particular policy development is so urgent that it cannot wait until royal assent, the department responsible should consider taking a short paving bill.

Depending on the context, a paving bill can provide powers to allow expenditure which would be nugatory if the subsequent detailed legislation for the new service did not proceed, e.g. employing consultants to design a significant IT or regulatory system. Such bills are usually short, though they may be contentious (and time consuming) as they can give rise to discussion of the underlying principles. Departments’ parliamentary clerks can help with guidance on the preparation of bills and the legislative process.⁹

² [HC Deb 12 March 2013, c130-131W](#)

³ HMT, *Investing in Britain's future*, Cm 8669, June 2013, p25

⁴ [HC Deb 26 June 2013, c343](#)

⁵ e.g.: “Fast-track bill mark signal of intent over HS2”, *Yorkshire Evening Post*, 25 February 2013

⁶ [HC Deb 28 February 2013, c454](#)

⁷ [HL Deb 7 March 2013, c416WA](#)

⁸ HM Treasury, *Managing Public Money*, October 2007 (published in May 2012), Foreword

⁹ *ibid.*, Annex 2.5, paras A2.5.7-A2.5.8

Any such paving bill would itself need Royal Assent before the expenditure it provides for could be authorised.

3 Queen's Speech, 8 May 2013

In the Queen's Speech on 8 May 2013 it was announced that "legislation will be introduced to enable the building of the High Speed 2 railway line, providing further opportunities for economic growth in many of Britain's cities".¹⁰

In its briefing notes, published after the speech, the Government stated that the purpose of the Bill is to:

Provide Parliamentary authority for essential expenditure to pursue the project to build a High Speed Rail network from London to Birmingham, Manchester and Leeds to the ambitious timetable that has been proposed.

Provide a clear statement of the Government's commitment to driving forward with constructing a new High Speed Rail network.

Demonstrate the Government and the country's commitment to driving forward with High Speed 2, a vital project for British jobs and prosperity.

Allow expenditure on the construction design, ecological surveys and other essential preparatory work. The Bill would also allow for this type expenditure on preparatory work for future phases of a high speed rail network at the appropriate time.

Require Government to report expenditure on the HS2 programme.¹¹

The Government states that this would have the benefit of speeding up the delivery timetable for the HS2 project, providing Parliamentary authority for expenditure on property compensation, and showing both Government and Parliamentary support for the project.¹²

4 Commons First Reading, 13 May 2013

The Secretary of State for Transport, Patrick McLoughlin, introduced the *High Speed Rail (Preparation) Bill* (Bill 10 of 2013-14) in the House of Commons on 13 May.¹³

The Bill and explanatory notes are available on the [Parliament website](#).

There are three clauses:

- **Clause 1** provides that the Secretary of State may, with the approval of the Treasury, incur expenditure in preparation for a high speed railway transport network. The network must include *but is not limited to* railway lines connecting at least London, Birmingham, the East Midlands, Sheffield, Leeds and Manchester and connecting to the existing railway transport network. The types of expenditure which may be incurred under the new power include – but again *do not appear to be limited to* (at least not on the face of the Bill) – pre-construction activity (such as surveying and design), acquiring property and in providing compensation in respect of property likely to be affected.

¹⁰ [HC Deb 8 May 2013, c3](#)

¹¹ HMG, *The Queen's Speech 2013: background briefing notes*, 8 May 2013, p35

¹² *ibid.*, pp35-36

¹³ [HC Deb 13 May 2013, c347](#)

- **Clause 2** imposes a duty on the Secretary of State to prepare an annual report on expenditure under the new power conferred by clause 1 and lay each report before Parliament ‘as soon as is reasonably practical after the end of the financial year to which it relates’. This duty would begin with the year ending 31 March 2015.
- **Clause 3** states that the Bill would extend to England, Wales and Scotland and that it would come into force on the day on which it is passed (i.e. achieved Royal Assent).

Responses to the publication of the Bill and its contents have been mixed, as one would expect for legislation on such a controversial scheme.

Those groups campaigning **against** HS2, such as Stop HS2 and the HS2 Action Alliance criticised the Bill for asking for a ‘blank cheque’ and for requiring that the first report to Parliament be for the year ending March 2015 – meaning that a report before the next General Election is unlikely. Joe Rukin of Stop HS2 summed up the concerns as follows: “To ask for a blank cheque is a disgrace, but to ask for one on the basis that no-one will know how much extra has been spent on HS2 until after the next election, is beyond words”.¹⁴

Other groups, such as the Campaign to Protect Rural England (CPRE) and the Woodland Trust, while not absolutely opposed to the scheme, are concerned about the impact of the scheme on the countryside and the natural environment. The CPRE has stated that environmental costs such as damage to landscape and wildlife should be avoided and mitigated while environmental benefits such as reductions in carbon emissions and regeneration of brownfield land should be developed through complementary policies.¹⁵ The Woodland Trust has raised concerns about the impact of the HS2 line on a number of ancient woodlands.¹⁶

In contrast, those campaigning **for** HS2 welcomed the Bill. Greengauge 21 saw it as a positive sign that the Government was willing to look at a more extensive high speed network, involving Scotland and Wales, as well as England.¹⁷ The Institution of Civil Engineers welcomed the Bill as a ‘catalyst’ for fast-tracking work on both phases of HS2.¹⁸ Others such as the Association of Train Operating Companies and Centro also welcomed the Bill as a demonstration of commitment to the HS2 project.¹⁹

5 Commons Second Reading, 26 June 2013

Second Reading of the bill took place on 26 June, after the Chancellor announced the 2013 spending round. The Bill was given its Second Reading on the vote by 330 to 27. An amendment put down by a cross-party group of MPs led by Cheryl Gillan (Con., Chesham and Amersham) to deny the Bill a Second Reading was voted down by 325-37.²⁰

¹⁴ Stop HS2 press notice, “[As expected, McLoughlin asks for a blank cheque with no accountability to blow on HS2](#)”, 14 May 2013; see also: HS2AA press notice, “[Paving Bill shows HS2 project is off track](#)”, 8 May 2013

¹⁵ CPRE, *High Speed Rail (Preparation) Bill Second Reading: A CPRE Briefing – June 2013*; for further information on CPRE’s views about HS2, see the [CPRE website](#) [accessed 27 June 2013]

¹⁶ Woodland Trust, [Our view on HS2](#) [accessed 27 June 2013]

¹⁷ Greengauge 21 press notice, “[Greengauge21’s response to Queen’s Speech](#)”, 10 May 2013

¹⁸ ICE press notice, “[HS2 Paving Bill welcome, but political commitment must continue](#)”, 8 May 2013

¹⁹ “[Queen gives green light to next stages of HS2](#)”, *Rail News*, 8 May 2013

²⁰ [HC Deb 26 June 2013, cc409-412](#); the amendment and signatories can be found on the [Business Paper for 26 June 2013](#)

After the debate Members approved a programme motion and a money resolution for the Bill. The programme motion states that Committee stage must be completed by 18 July 2013. The money resolution authorised expenditure incurred under the Act.²¹

The Secretary of State, Patrick McLoughlin, introduced the Bill. He addressed one of the questions that has been most frequently raised since the Bill was announced: why the Government believes that it needs one, given there was no equivalent Bill before either the Crossrail or Channel Tunnel Rail Link Hybrid Bills. Mrs Gillan made this point again during Second Reading:

Why do we need a paving Bill? There was no paving Bill for the channel tunnel rail link, Crossrail or the Olympics. We could continue to spend money as we have already, without this Bill. Once it is passed, as it undoubtedly will be, the Government can claim that HS2 is backed by the will of Parliament.²²

Mr McLoughlin gave the following reasons as to why the Government believes that the Bill is necessary:

It will authorise essential expenditure on the preparation work for high-speed rail. Planning and building the line will take time [...] The line will be overseen and delivered by successive Parliaments, which is why it is right to **provide Parliament with the opportunity to debate the project**. The hybrid Bill will provide additional opportunities for closer scrutiny of HS2. This is the moment for Parliament to demonstrate that it is backing British business, jobs and growth by backing HS2.

Let me say how the Bill will help achieve those aims. **Without this legislation, Treasury rules would limit the amount of work that could be done or undertaken until after Royal Assent on the hybrid Bill**. That includes design work on the construction of the line, planning the movement of utilities and carrying out ecological surveys. The legislation will also ensure that future spending on the discretionary property compensation is compliant with the PAC requirements.

[...]

The PAC requirement states that when there is significant new expenditure that is likely to persist, authority should normally be sought from Parliament. I appreciate that many hon. Members have concerns about the authorisation of expenditure on early works in advance of the subsequent hybrid Bill. That is why this Bill ensures complete transparency in what we are doing, when we are doing it and—crucially—how much we are spending.²³

The ‘Treasury rules’ that Mr McLoughlin refers to are those set out in *Managing Public Money* (see section 2, above). It states in Annex 2.5 that: “Expenditure which is likely to be nugatory or not cost-effective if the legislation for the new service fails should not be incurred prior to royal assent ... The touchstone is value for money”.²⁴ This definition includes things such as recruiting executives and staff for a new body and “significant work associated with preparing for or implementing the new task”, such as renting offices or designing or purchasing significant IT equipment.²⁵

²¹ [HC Deb 26 June 2013, cc415-416](#)

²² *ibid.*, c360

²³ *Ibid.*, cc342-43 [emphasis added]

²⁴ *op cit.*, *Managing Public Money*, para A2.5.6

²⁵ *ibid.*, Box A2.5B

The 'PAC requirement' is a reference to the 1932 Public Accounts Committee (PAC) Concordat. This specifies that where spending carried out under common law powers is significant or likely to persist, Parliamentary authority should be sought.²⁶

Mr McLoughlin went on to talk more generally about the benefits of the HS2 scheme and gave revised figures for the projected overall cost of the scheme. The budget for phase 1 is now £21.4 billion (from £17.7 billion in 2011), and £21.2 billion for phase 2 (from £16.8 billion in January 2013). This represents a total budget of £42.6 billion.²⁷ The rolling stock for the project will cost a further £7.5 billion, though it is not clear whether this cost would be borne by the public sector.²⁸ Mr McLoughlin stated that altogether HS2 is "an investment that the country can sustain and needs" as it represents only 0.15 per cent of GDP.²⁹ He did not provide an updated benefit-cost ration for the project on the basis of these figures.

Finally, he talked about the compensation package for those affected by the new line. This has also been criticised for being "totally inadequate".³⁰ Mr McLoughlin said that the Government would "consider a range of compensation options, including a property bond".³¹ The idea of a property bond has been proposed by a number of groups campaigning on the issue of HS2 (for more information see section 4 of HC Library note [SN316](#)).

The then Shadow Transport Secretary, Maria Eagle, stated that the Labour Party support HS2 and urged the Government to better communicate why it is needed:

It is vital that we are clear about why the scheme is necessary. Those of us from all parts of the House who support the new line need to be better at communicating why the investment is essential. The new north-south rail line is necessary to deliver a major increase in capacity on our rail network. That is why we cannot afford to delay the delivery of this project any longer.³²

Ms Eagle urged the Government to address the 'genuine concerns' expressed by many of those affected by and therefore opposed to the scheme;³³ and expressed concern at the slow pace that the scheme was progressing, repeating previous criticisms that the Government should have one Hybrid Bill for the whole project rather than two separate Bills, which will take up a great deal of Parliamentary time.³⁴ Finally, having heard the increased budget figures for the project, and drawing on previous criticisms of the scheme's administration and affordability, she urged the importance of taking "every opportunity to make sure that the nation gets the best possible outcome from the money spent".³⁵

Mrs Gillan explained the concerns of her constituents negatively impacted by the construction of the HS2 line and also questioned the wider value of the project, in terms of its cost, environmental impact, delivery timetable and concerns raised by organisations such as the National Audit Office and the Major Projects Authority.³⁶

²⁶ *ibid.*, Annex 2.1

²⁷ [HC Deb 26 June 2013, c343](#)

²⁸ *ibid.*, c346

²⁹ *ibid.*, c346

³⁰ see Mrs Gillan: *ibid.*, c360

³¹ *ibid.*, c347

³² *ibid.*, c348

³³ *ibid.*, c348

³⁴ *ibid.*, cc350-51

³⁵ *ibid.*, cc352-58

³⁶ *ibid.*, cc358-60

The Chairman of the Transport Select Committee, Louise Ellman, welcomed the Bill and the HS2 project but sought reassurances on a number of points, specifically the development around Euston station, access to Stoke-on-Trent, and the proposals for Liverpool³⁷. Frank Dobson (Lab., Holborn and St Pancras) focused on the plans for Euston and the surrounding area where HS2 would “unleash havoc on Euston, Primrose Hill and Camden Town”, where it would “demolish the homes of about 500 people and blight the homes of at least another 1,000”.³⁸

6 Public Bill Committee stage, 9-18 July 2013

The job of the Public Bill Committee (PBC) is to consider a Bill clause by clause and to seek to improve it where necessary with amendments. The membership of the *HS2 Paving Bill* PBC was as follows:

| Conservative | Labour | Other |
|---|--|---|
| Simon Burns (Minister for Transport) Kris Hopkins Karen Lumley Nicky Morgan Caroline Spelman Iain Stewart Julian Sturdy Martin Vickers | Lilian Greenwood (Shadow Minister for Transport) Nic Dakin Frank Dobson Pat Glass Khalid Mahmood Graeme Morrice | Alan Reid (Liberal Democrat) Jim Shannon (DUP) |

The Committee sat seven times between 9 and 18 July; the first four sessions were dedicated to hearing evidence from witnesses about the Bill; the last three were spent scrutinising the Bill itself. The Committee agreed one Government amendment to the Bill in Clause 3 on the form of the annual report to Parliament.

The PBC heard from a range of witnesses on HS2; these sessions were focused more on the principles behind the scheme rather than the reasons for or the content of the Bill. Records of the oral evidence given and the written evidence submitted to the PBC can be found on the Parliament website.³⁹

The Committee examined the following points relating to the Bill itself:

Clause 1 (incurring expenditure for the high speed network)

Frank Dobson moved the first of a number of amendments in his own name and that of Cheryl Gillan, the Conservative MP for Amersham, who was not sitting on the Committee, to **restrict the amount of spending permitted under the Bill at any one time to £50 million** (excluding compensation payments).⁴⁰ The Government would have to return and seek the permission of Parliament for each subsequent tranche of £50 million. Mr Dobson argued that this measure would be a bulwark against mis-spending. He said:

³⁷ [HC Deb 26 June 2013, cc361-62](#)
³⁸ [ibid., cc364-66](#)
³⁹ [House of Commons Public Bill Committee on the High Speed Rail \(Preparation\) Bill 2013-14](#), July 2013, proceedings and written evidence
⁴⁰ [PBC Deb 16 July 2013, c162](#)

I emphasise that not one practical thing has been done with [the money that has been spent to date]: no sod has been cut, no rail has been laid. It is all paperwork and computer work—all money spent either directly on administration, bureaucracy and planning within the Department for Transport, or within HS2 Ltd. A lot of it has been paid in fees to advisers who are now amending some of the advice they originally gave, so those sums have been mis-spent. It therefore seems wholly appropriate for the Department to have to report to the Commons every time the bill goes up by a further 50 million quid.⁴¹

The then Railways Minister, Simon Burns, rejected the amendment. He said that Mr Dobson's £50 million limit would be "in some ways shambolic, and totally unnecessary", particularly in light of the fact that the Bill refers to a high speed network, not simply HS2, and could therefore be required to authorise spending for decades to come.⁴²

Lillian Greenwood, the Shadow Transport Minister, proposed an amendment **to add mention of 'capacity' to the purpose of clause 1**. Following a lengthy debate in which the arguments for capacity, put forward by supporters of HS2 in great detail over the past three years were set out again, Mr Burns rejected the amendment on the grounds that the purpose of the Bill is to authorise spending in preparation for HSR, "not to solve any of the problems that high-speed rail will address when it is built".⁴³ Amendment 22 was put to the vote and defeated 9 votes to 5.⁴⁴

Ms Greenwood proposed amendments to change the wording on the face of the Bill that specifies the **places to be linked by a high speed network** to remove mention of 'the East Midlands' and replace it with '**the Nottingham/Derby corridor**' and to include reference to towns or cities in **Scotland**.⁴⁵ Ms Greenwood argued that it was an anomaly that the Bill should reference specific cities, with the exception of the East Midlands, which is only included as a region; and that there was no mention of Scotland, which forms "a core part of the case for a new north-south rail line".⁴⁶ Mr Burns rejected the amendments on the grounds that they were outside the scope of the Bill, which "is definitely not to itemise parts of the United Kingdom that the Committee believes should have High Speed 2 now".⁴⁷ The amendments were defeated by 8 votes to 6 and 9 votes to 5.⁴⁸

Mr Dobson proposed an amendment so that the Bill would commit to spending on HSR that **connects to the conventional rail and road and air networks**. He proposed this amendment in furtherance of 'integrated transport' and ensuring that the anticipated benefits of the scheme come to fruition: "I want additional statutory obligations on the Department and on HS2 to consider all the necessary links that would make the scheme part of an overall strategy. If it is not part of an overall strategy, a great many of its alleged merits fall away: it needs good connections".⁴⁹ Mr Burns accepted the "merit in the addition of the words in the amendment to the Bill" and indicated that he would go away and consider the matter further, in time for something to be produced for Report stage.⁵⁰

⁴¹ *ibid.*, cc162-63

⁴² *ibid.*, cc170-71

⁴³ *ibid.*, c171 & c184

⁴⁴ *ibid.*, c187

⁴⁵ *ibid.*, c187

⁴⁶ *ibid.*, c189

⁴⁷ [PBC Deb 16 July 2013, c202](#)

⁴⁸ *ibid.*, c207 [amendment 23] & c212 [amendment 24]

⁴⁹ *ibid.*, c211

⁵⁰ *ibid.*, c212

Ms Greenwood proposed two amendments **to limit spending under the Bill to those purposes set out on the face of the Bill**. These were probing amendments to encourage the Minister to provide clarity on what other matters might be included within the scope of the spending powers in the Bill (under sub-clauses 1(3) and 1(4)), for example: work on timetabling and ticketing, or the procurement of rolling stock.⁵¹ Mr Burns explained why the wording is so broad:

... the provision is intended not to limit the extent of expenditure that may be required for activities to prepare for the construction of high-speed rail lines. Subsection (3) pertains to expenditure on preparation for the construction of railway lines or infrastructure that will form part of the network outlined in subsection (1). The “preparation for the provision of services” includes, but is not limited to, negotiations with potential rail operators on the nature of the service that will be operated, and with rolling stock manufacturers on the engineering designs of rolling stock, but not on the purchase of the rolling stock itself.

[...]

... subsection (4) ... provides an indication of the types of preparatory work envisaged. Examples taken from the potential works on the planned route include preparations for procurement of specialist equipment, planning the movement of utilities, and designing the realignment of the existing railway.⁵²

Clause 1 (proposed amendments on compensation)

Caroline Spelman proposed amendments and a new clause to introduce a **property bond** as a form of compensation for those blighted by the construction of HS2. Mrs Spelman stated that her intention was to commit the Government in principle to a bond scheme and that the details could be worked out at a later date.⁵³ Mr Burns stated that an option for a property bond would be included in the consultation on compensation, to be re-run following the earlier judicial review decision, and that a bond scheme might be introduced depending on what the outcome of that consultation is. With that in mind, he thought the amendments premature.⁵⁴

Mrs Spelman also proposed amendment 3 to commit the Government to **minimising expenditure on compensation** “so far as reasonably practicable through agreements with owners of affected properties with the purpose of mitigating the impacts of the network ... on those properties”.⁵⁵ Mr Burns, while acknowledging the importance of mitigation, resisted the amendment on the grounds that it would not be appropriate to write it into the Bill, but he would be prepared to give further consideration to whether it could be included in the annual report to Parliament.⁵⁶

Mrs Spelman also proposed an amendment to provide for a **code of practice** specifying how the Government would “act fairly towards the owner of any property being acquired and any claimant for compensation”; this would be laid in draft before Parliament.⁵⁷ Mrs Spelman argued that such a code would “... compel High Speed 2 to consider the impact on property

⁵¹ *ibid.*, c213

⁵² *ibid.*, c214

⁵³ *ibid.*, c216; for further information on proposals for an HS2 property bond, see section 4 of HC Library note [SN316](#)

⁵⁴ *ibid.*, c223

⁵⁵ *ibid.*, c231

⁵⁶ *ibid.*, c234

⁵⁷ *ibid.*, c235

owners, farmers and businesses and to mitigate the scheme's impact on their properties and businesses, not just to rely on a rather outdated existing compensation code".⁵⁸ Mr Burns indicated that the Government would 'seriously consider' the proposal.⁵⁹

Mr Dobson proposed two sets of amendments relating to compensation. One amendment would state on the face of the Bill that **any compensation scheme would be 'generous'**; this was accompanied by a new clause to provide for a means of determining the meaning of that word.⁶⁰ Mr Burns resisted the amendment on similar grounds to Mrs Spelman's proposal – that the consultation on compensation would be re-run. He also said that the Government is "committed to establishing a fair and generous package of compensation for property owners affected by the scheme".⁶¹ Mr Dobson also proposed **including 'businesses' as a specified recipient category for compensation** on the face of the Bill. He argued that this was vital to support small businesses who would be affected by construction, particularly in London.⁶² Mr Burns replied that businesses within the safeguarded area of the line of route are already covered by a statutory compensation system.⁶³ For those outside the safeguarded area, there are no compensation arrangements but the Government would look at mitigating the impact on small businesses like those highlighted by Mr Dobson.⁶⁴

Clause 2 (report to Parliament)

Ms Greenwood proposed an amendment for 'keeping an eye' on the amount of spending under the Bill: **requiring the Minister to return to Parliament and explain any projected or actual increase in the agreed annual budget**. She argued that such a measure was vital for public confidence in the project, particularly "in the current economic climate, in which there is such a strain on public spending and so much pressure to reduce it".⁶⁵ Mr Burns rejected Ms Greenwood's amendment on the grounds that it was redundant, he said: "the amendment would have no effect additional to that of the established process of the estimates and would create no further duties for my right hon. Friend the Secretary of State than those that already exist".⁶⁶ Amendment 21 was put to the vote and defeated 8 votes to 5.⁶⁷

Ms Greenwood and Mr Dobson proposed a number of amendments that, taken together, would require the Government to **report to Parliament on spending under the Bill every quarter**; this would also have the effect of bringing forward the first report from the proposed date of mid-2015. Ms Greenwood explained the potential positive effects of such a change:

The amendment would not change arrangements, but there would be a value in having supplementary reports, rather than only the annual report. Quarterly reporting is common practice in the private sector, and it would allow both Parliament and outside

⁵⁸ *ibid.*, c236

⁵⁹ *ibid.*, c238

⁶⁰ *ibid.*, c224

⁶¹ *ibid.*, c225

⁶² *ibid.*, cc227-28

⁶³ the 'national compensation code' is not a single document, but comprises a collection of various enactments, now consisting primarily of the *Land Compensation Act 1961*, the *Compulsory Purchase Act 1965* and the *Land Compensation Act 1973* (as amended by the *Planning and Compensation Act 1991* and the *Planning and Compulsory Purchase Act 2004*), and supplemented by a number of decided cases on the effect of these provisions and their predecessors [for further details, see Crossrail, *Information Paper C2: Operation of the National Compensation Code (v.2)*, November 2007

⁶⁴ [PBC Deb 16 July 2013, c230](#)

⁶⁵ [PBC Deb 16 July 2013, c165](#)

⁶⁶ *ibid.*, c172

⁶⁷ [PBC Deb 18 July 2013, c247](#)

bodies to identify early an increase in costs. The rigour of requiring HS2 Ltd and the Department to compile those reports would assist in the internal identification of a concerning cost trend, so that things are picked up early and there is an opportunity to respond, rather than coming out at the end of the financial year by which time the damage will have been done.⁶⁸

Mr Burns argued that an annual report was adequate to ensure proper scrutiny of project spend; he also stated that any report covering the period before 31 March 2015 did “not seem viable”, however he had “... asked officials to consider the potential for an interim report on the expenditure being made on HS2 in advance of 2015. They are currently considering what could be produced in addition to the reporting duty”.⁶⁹

The Committee agreed without a vote a Government amendment that **the annual report would differentiate between capital and resource expenditure**. Mr Burns explained: “By being clear that we will provide details of resource and capital expenditure, we will provide complete transparency over accountancy treatment to enable Parliament, the National Audit Office and anyone else who wishes to do so to hold us properly to account”.⁷⁰

Mr Burns also clarified the **VAT position of HS2** during the debate on clause 2: “HS2 Ltd will not be liable for VAT if it is an intended trader. Crossrail and HS1 were not liable for VAT for that reason and we are currently in discussions with the Treasury on HS2”.⁷¹

The Committee divided on three further Labour amendments: amendment 37 (to include details of **taxes** incurred or reclaimed in the annual report), defeated on the vote 8 votes to 5; amendment 36 (to include the **administration costs** of the project’s delivery body in the annual report), defeated on the vote 8 votes to 5; and amendment 38 (to include information on **jobs and apprenticeships** directly created in the relevant reporting period in the annual report), defeated 8 votes to 5.⁷²

7 Commons Report stage and Third Reading, 31 October 2013

The final stages of the Bill in the House of Commons were Report stage and Third Reading, completed on 31 October. At Report stage the House agreed to three amendments in the name of the Minister, Robert Goodwill, and the Opposition front bench:

- **Amendment 17** in clause 1 to require that the HSR network connects with the existing railway transport network “as well as with such other parts of the transport network (including roads, footpaths, cycleways, airports and light railways) as the Secretary of State considers appropriate”;⁷³
- **Amendment 25** in clause 2 to require that the Secretary of State’s annual report on HSR expenditure would include information on overspend and underspend; and the effect of any such on a total budget of £50.1 billion in 2011 prices (including construction and rolling stock);⁷⁴ and

⁶⁸ *ibid.*, c249

⁶⁹ *ibid.*, c251 & c253

⁷⁰ *ibid.*, c256

⁷¹ *ibid.*, c261

⁷² *ibid.*, c265

⁷³ [HC Deb 31 October 2013, c1157](#); this followed Mr Dobson’s amendment in Committee, see section 6

⁷⁴ *ibid.*, c1171

- **Amendment 26** in clause 2 to require that the Secretary of State’s annual report on HSR expenditure would include an account of the vocational qualifications gained during the year by individuals employed by persons appointed under and enactment to carry out activities in connection with preparing for, and constructing, the HSR network.⁷⁵

Report stage was followed by Third Reading, where once again Members talked to the principle of the Bill. There were some concerns expressed about how the debates on the Bill had been timetabled. For example, Bill Cash criticised the cutting short of the Report stage debate, which did not leave time for discussion on compensation issues, and remarked that: “throughout the whole of this land, people are deeply disturbed by the manner in which the Bill is being rammed through”.⁷⁶ The Secretary of State, Mr McLoughlin replied that there would be plenty more opportunity for debate during the passage of the Hybrid Bill for phase 1.⁷⁷

Mary Creagh, the Shadow Secretary of State for Transport criticised the Government for undue delay and mismanagement of the project but stated that Labour would “vote today in favour of this paving Bill to allow preparatory expenditure on the scheme. We believe that how we build something is as important as what we build. This is not just a transport project; it is also a social and economic project”.⁷⁸

The Bill was given a Third Reading by 350 votes to 34.⁷⁹

8 Lords stages, 19 November 2013

The Bill received First Reading in the House of Lords on 31 October⁸⁰ and completed all remaining stages on 19 November.

The Bill was a Money Bill. Money Bills are Public Bills that, in the opinion of the Speaker of the House of Commons, contain only provisions dealing with national taxation, public money or loans and their management.⁸¹ The *Companion to the Standing Orders and Guide to the Proceedings of the House of Lords* explains the procedure for Money Bills in the Lords:

If a money bill, which has been passed by the Commons and sent up to the Lords at least one month before the end of a session, is not passed by the Lords without amendment within a month after it is sent to them, the bill shall, unless the Commons direct to the contrary, be presented for Royal Assent without the consent of the Lords. This does not debar the Lords from amending such bills provided they are passed within the month, but the Commons are not obliged to consider the amendments. On a few occasions minor amendments have been made by the Lords to such bills and have been accepted by the Commons.⁸²

Lord Stevenson of Balmacara submitted a ‘motion to regret’ to the Bill at Second Reading. It stated:

⁷⁵ *ibid.*, c1171

⁷⁶ *ibid.*, cc1171-72

⁷⁷ *ibid.*, c1172

⁷⁸ *ibid.*, cc1176-78

⁷⁹ *ibid.*, c1187

⁸⁰ [HL Deb 31 October 2013, c1777](#)

⁸¹ Section 1(2) of the *Parliament Act 1911*, as amended

⁸² House of Lords, *Companion to the Standing Orders and Guide to the Proceedings of the House of Lords* (2013 ed.), pp167-168

Lord Stevenson of Balmacara to move, as an amendment to the motion that the bill be now read a second time, at end to insert “but that this House regrets Her Majesty’s Government’s decision to introduce the Bill which authorises preparatory expenditure on a railway as the Bill is premature in the light of (1) the failure to settle upon a route which is consistent with the Government’s statutory duty to have regard to the conservation and enhancement of the Chilterns Area of Outstanding Natural Beauty, and (2) the failure to specify further detail on the route and a limit on expenditure”.⁸³

The main debate in the Lords was at Second Reading. Baroness Kramer summarised the purpose of the Bill as follows:

It grants the Secretary of State authority to incur expenditure, which must be also approved by the Treasury. It describes the route as publicly committed, but allows for future extensions as well as connections to the wider network. It requires an annual report to be made to Parliament for all expenditure incurred, including any variation from budget. It requires reporting on those receiving vocational qualifications as a consequence of the project, and, of course, it is a money Bill. Each phase of HS2 and any future extensions will require a separate hybrid Bill without which construction cannot begin. That will be the opportunity to debate and scrutinise the route in detail and the manner in which the project will be delivered.⁸⁴

There followed a debate in which Baroness Kramer, Lord Adonis, Lord Bradshaw for the three main parties, reiterated the benefits of HS2.⁸⁵ Lord Berkeley, Chairman of the Rail Freight Group, broadly supported the Bill from the freight perspective.⁸⁶ Lord Stevenson expressed concerns about the impact of the scheme on the Chilterns; Lord Rodgers of Quarry Bank expressed concerns about the business case; and Lord Howard of Rising about the increasing estimated cost of the project.⁸⁷

The Bill was agreed and passed without a vote.⁸⁸

9 Royal Assent, 21 November 2013

The Bill was given Royal Assent on 21 November 2013⁸⁹ and became the *High Speed Rail (Preparation) Act 2013*. It came into force on the same day.

⁸³ [House of Lords Business Papers](#), 11 November 2013

⁸⁴ [HL Deb 19 November 2013, cc906-907](#)

⁸⁵ [ibid.](#), cc906-09 (Kramer); cc909-13 (Adonis); cc913-914 (Bradshaw)

⁸⁶ [ibid.](#), cc920-23

⁸⁷ [ibid.](#), cc916-18 (Stevenson); cc918-20 (Rodgers); c923-25 (Howard)

⁸⁸ [ibid.](#), c952

⁸⁹ [HL Deb 21 November 2013, c1061](#)