

House of Commons Transport Committee – Inquiry High Speed Rail

Evidence submitted by the South Yorkshire Passenger Transport Executive (SYPTe) on behalf of the South Yorkshire Integrated Transport Authority (ITA) and Sheffield City Region (SCR)

May 2011

1. WHAT ARE THE MAIN ARGUMENTS EITHER FOR OR AGAINST HSR?

1. We believe the main argument for High Speed Rail (HSR) is economic – that it would help the continued growth of regional cities by widening produce and labour markets, and attracting inward investment. Analysis indicates that to the eastern city regions of the North East, Tees Valley, Leeds, Sheffield and East Midlands, HSR is worth over £70m¹ per annum in productivity benefits alone.
2. Our analysis also shows that the Eastern Network provides a further contribution to the national economy of £4.2bn² in productivity, imperfect competition and capacity release benefits. This level of contribution demonstrates that building HSR is imperative to the economic future of the UK.
3. We also agree with the Government's analysis that without further inter-urban capacity, rail overcrowding will undermine connectivity and agree that new rail lines offer a better solution than upgrading existing lines.
4. Current rail connections between Sheffield and other major cities are slow compared to other regional cities and London. The introduction of high speed links to Sheffield would significantly enhance the rail offer to London and other key cities.

2. HOW DOES HSR FIT WITH THE GOVERNMENT'S TRANSPORT POLICY OBJECTIVES?

5. Sheffield City Region (SCR) has made a commitment to facilitate the delivery of HSR in our city region's third Local Transport Plan (LTP3).
6. However, to ensure the benefits of HSR are maximised we want to see HSR fit within a coherent strategy to deliver economic objectives, strongly supported by a sound evidence base.

2.1 HSR is designed to improve inter-urban connectivity. How does that objective compare in importance to other transport policy objectives and spending programmes, including those for the strategic road network?

7. High speed, inter-urban connectivity is an essential requirement for economic productivity. The SCR LTP3 argues that the most significant improvements to business connectivity (both in terms of speed and capacity) are only possible via rail. As such; inter-urban rail connectivity forms a key policy focus, whilst for roads the focus should be on reliability.
8. Connectivity between major centres which form the gateway to wider connectivity is also an essential requirement. This is also reflected in our LTP3, which highlights the key role that the 'classic' rail network (and public transport services and the

¹ Data from "Eastern network Partnership" forthcoming report, providing evidence for the HSR Eastern network. To be published in July 2011

² [See Ref 1]

strategic highway) will play in providing access between the key major centres in SCR. Again, only rail can offer significant speed and capacity improvements. Road investments should be focused on improving reliability and maximising use of the existing assets.

2.2 Focusing on rail, what would be the implications of expenditure on HSR on funding for the 'classic' network, for example in relation to investment to increase track and rolling stock capacity in and around major cities?

9. HSR and investment in the 'classic' network should complement each other. There should be no reduction in funding on the 'classic' network because of HSR. Indeed, investments in the classic network will be essential before HSR is built, therefore spending on northern rail infrastructure should be increased if the benefits of HSR are to be maximised:
 - to provide interim enhancements, such as electrification of the Midland Main line, potential improvements to Sheffield Midland station or release of bottlenecks on the East Coast line; ahead of HSR
 - and to maximise use of the 'classic' network, if it is to benefit from the released capacity that HSR brings.
10. Our analysis shows that the capacity benefits released on the Eastern Classic Networks total £0.8bn³. It is vital that a strategic network is provided and can efficiently cater for the different journey types. This means that early consideration must be made to the overall timetable shape of the whole northern railway in the light of HSR. Innovative solutions to connect up more towns (such as Huddersfield – Barnsley – Rotherham – Doncaster – Peterborough – London and/or London – Nottingham – Sheffield – Barnsley – Wakefield) must be considered, and service paths on the East Coast Mainline (ECML) and Midland Mainline (MML) to the north must be protected and enhanced.
11. Our emerging analysis indicates that 30%⁴ of economic benefits relate to inter-regional connectivity throughout the Eastern Network when integrating HSR with the Classic Network. HSR must be complimented by a Classic Service which;
 - Retains long distance services
 - Uses the spare capacity to enhance the existing service and offer additional intermediate destinations
 - Secure improvements to existing routes so that long distance and regional services can be enhanced.

2.3 What are the implications for domestic aviation?

12. No response to this question.

3. BUSINESS CASE

3.1 How robust are the assumptions and methodology - for example, on passenger forecasts, modal shifts, fare levels, scheme costs, economic assumptions (eg about the value of time) and the impact of lost revenue on the 'classic' network?

12. The appraisal methodology used by HS2 for quantifying all economic benefits makes conservative assumptions, which HS2 acknowledge means the business case is a cautious estimate.

³ [See Ref 1]

⁴ [See Ref 1]

13. The evidence from Asia and other European high speed rail projects⁵ demonstrates that if the methodology for the UK north-south HSR links considers the job creation, regeneration and business relocation and expansion then the business case would be significantly enhanced. For this, it is essential to capture the dynamics of land use and employment over the time period through employing the Land-Use Transport Interaction or computable general equilibrium type models.
14. In addition to land-use changes, the likely increase in land and property prices including public realm should be included in the appraisal methodology. The consideration and valuation of important non-monetised benefits/costs on the environment and communities must be taken into account in the appraisal process.
15. The potential 'transformational' benefits of the HSR are not captured in the business case. In our response to the Government HSR consultation we are urging the Government to consider these impacts so that a stronger and more rounded economic case for regional growth and 'rebalancing the economy' is presented.
16. The HSR link delivers a range of benefits (including connectivity, travel time and frequency enhancements). The modeling methodology utilised should consider all these benefits in the short and long term.
17. The modeling approach should also focus on the relationship between the HSR network and regional and local transport networks. HSR benefits are likely to be substantially higher with aligned investment in local transport to support efficient access and egress, and supportive land use policies.

3.2 What would be the pros and cons of resolving capacity issues in other ways, for example by upgrading the West Coast Main Line or building a new conventional line?

18. The SCR view is that upgrading the 'classic' network or building a new conventional line would fail to secure the Government's objectives in the long term, as set out in our answer to question 1.
19. Investment in the 'classic' network alone could potentially be more rapidly achieved in comparison to the timescales for HSR. However, in isolation this would only form a temporary solution. Such interim improvements, however, would be essential as set out in question 2.2.
20. Another method of managing over-crowding would be to increase prices, however, this could potentially stifle economic growth, or isolate northern economies from London and each other, and hence reducing effective connectivity.
21. Failure to adequately invest in rail runs the risk of forcing people onto less sustainable modes of transport, encouraging poor travel habits and increasing carbon emissions.

3.3 What would be the pros and cons of alternative means of managing demand for rail travel, for example by price?

22. No response to this question.

3.4 What lessons should the Government learn from other major transport projects to ensure that any new high speed lines are built on time and to budget?

23. HSR would be a substantial project. It is therefore important that all partners are able to plan accordingly. Political, financial and programme planning certainty is

⁵ Vickerman, R. and A. Ulid (2006). Indirect and wider economic impacts of high speed rail. Paper given at the 4th annual conference on Railroad Industry Structure, Competition and Investment, Madrid.

C. Nash (2009). High Speed Rail Investment: an overview of the literature. Report to Network Rail New Lines Programme.

critical. Though the network is to be phased, a project plan which gives detailed key milestones for the whole network will give the north the confidence and certainty to plan for the future.

4. THE STRATEGIC ROUTE

4.1 The proposed route to the West Midlands has stations at Euston, Old Oak Common, Birmingham International and Birmingham Curzon Street. Are these the best possible locations? What criteria should be used to assess the case for more (or fewer) intermediate stations?

24. SCR has no detailed view on the locations for stations between London – West Midlands.

25. However, the criterion for option appraisal for stations further north is important to SCR. The number of stops on the HSR network has an effect on the business case. The direct transport benefits require the service to have minimum disruption to the speed between the major UK cities. These wider economic benefits will be enhanced by the higher catchments HSR serves. A balance therefore must be struck, which we believe favours city centre (or close to city centre) locations on the main line.

4.2 Which cities should be served by an eventual high speed network? Is the proposed Y configuration the right choice?

26. We believe that the proposed Y is a sensible starting point, but cannot be the aspiration for the full network. Ideally we would want to see all regions connected by high speed rail.

27. We understand the rationale for the Y, and the need for a single London terminus to reduce costs. However, we are concerned that the capacity (18 trains per hour) is based upon signal technology not yet in existence, and with a risk that it is not achievable. For reasons we discuss later, we would want the paths to the eastern arm of the Y (already only 6 of the 18) protected as a priority.

28. It is important that the East Coast Mainline receives planned upgrades throughout the coming years. Any released capacity could be utilised to serve new destinations along the route.

29. In 2010, studies undertaken by Arup and Volterra on behalf of the Leeds and Sheffield city regions demonstrated that the new Y shaped network presented a BCR of 2.46⁶ compared with 1.88 for the 'reverse S'. This was due to the overwhelming rationale of the increased population served on the eastern side of Pennines. We are therefore content that the Y outperforms other alignments that only have a single London terminus.

30. The Sheffield City Region has a population of 1.6m people and 650,000 jobs. Being able to connect SCR with regions on the Eastern Network such as East Midlands, Leeds and the North East would serve more than 8.7 million people and 3.6 million jobs⁷.

4.3 Is the Government correct to build the network in stages, moving from London northwards?

31. For such a substantial project, in principle, Sheffield City Region understand the need for the procedure for bringing separate Hybrid Bills forward for London-Birmingham and the wider network in order to make the process manageable. However, we would want as much commitment as possible to the whole network in

⁶ Economic case of HSR to LCR and SCR [September 2010]

⁷ [See Ref 1]

the first Hybrid Bill and associated Government policy. At the very least this commitment should include the full network in any planning statements and 'National Infrastructure Policy Statements'.

32. Analysis has determined that the Western Network has a BCR of 2.6, whilst the Eastern Network provides a BCR of 5.6⁸. Additionally the Arup & Volterra studies in 2011 demonstrate that Wider Economic Impacts follow a similar pattern. The productivity benefits of bringing businesses closer together for the eastern part of the network (£2.6bn) are around 20% higher than those for the western part (£2.1bn)⁹. This evidence suggests that there is a much stronger case for taking the northern arms of the Y ahead in parallel, or with the Eastern arm first, given the higher BCR of that arm, and the larger economic markets that would be served.
33. DfT consultation indicates 6 trains per hour from London would service the Eastern Network. Our analysis demonstrates that 70%¹⁰ of the productivity benefits of the Eastern network are created by faster journeys to London, with at least 6 trains per hour required. Therefore, this level of service on the Eastern Network should be kept as a minimum specification for the HSR network.

4.4 The Government proposes a link to HS1 as part of Phase 1 but a direct link to Heathrow only as part of Phase 2. Are those the right decisions?

34. We would like to see more details about the service patterns that would result from the HS1-HS2 link. Our understanding is that the current plan does not include through services from northern cities. Instead continental bound trains would depart from Old Oak Common. While the logic relating to demand and security on international services is understood here, a better understanding of the details would be helpful.
35. SCR welcomes a direct link to Heathrow as part of HSR's overall long term strategy, and our businesses indicate that a direct link to Heathrow would be highly valued. Again, more details on the service patterns would be essential before a measured view can be taken.
36. We believe that Government should consider the merits of linking the HS2 line to the Midland Main Line. This would balance out the current regional imbalance in the HS2 proposal, which would see HS2 trains serving the North West (on the existing WCML) some 7 years before the North East. We welcome Government consideration of this issue.

5. ECONOMIC REBALANCING AND EQUITY

5.1 What evidence is there that HSR will promote economic regeneration and help bridge the north-south economic divide?

37. As we believe the main rationale for HSR is economic growth, we would like to see more national macro-economic consideration and evidence of how the scheme may bridge the north-south divide from a national perspective.
38. Locally, work undertaken by the Leeds and Sheffield city regions demonstrate that a HSR national network will provide economic growth for northern regions, as quoted elsewhere in this response. These figures are also likely to understate the true benefits as they do not include inward investment and higher underlying growth as a result of redistribution impacts.

5.2 To what extent should the shape of the network be influenced by the desirability of supporting local and regional regeneration?

⁸ [See Ref 6]

⁹ [See Ref 1]

¹⁰ [See Ref 1]

39. The national objective of economic growth and supporting a low carbon environment can be realised through local and regional regeneration. As mentioned earlier, we believe regeneration is not just dependant on the shape of the network (which has to meet demand)), but about the supporting infrastructure to provide connectivity between the rest of the city region and the high speed rail station.

5.3 Which locations and socio-economic groups will benefit from HSR?

40. Our approach to HSR is that the benefits must be spread across the city region. This is via several aspects:

- directly from the station and associated developments around it;
- directly from having good access to the station for business or other travel;
- Indirectly from connectivity benefits from freed up capacity on the classic network.

From this type of approach our ambition would be for as many Social and Economic Groups to benefit as possible.

5.4 How should the Government ensure that all major beneficiaries of HSR (including local authorities and business interests) make an appropriate financial contribution and bear risks appropriately? Should the Government seek support from the EU's TEN-T programme?

41. To maximise the transport benefits of HSR, and allow the supporting infrastructure to be planned and delivered, the Government should ensure that national and Local Authority expenditure is planned in advance to give planning certainty to Local Authorities. This should be undertaken in partnership with all local authorities who will benefit from HSR.

6. IMPACT

6.1 What will be the overall impact of HSR on UK carbon emissions? How much modal shift from aviation and roads would be needed for HSR to reduce carbon?

42. In order to reduce the carbon emission to a considerable low level, some complementary measures to the introduction of HSR are essentially needed. For example, HSR should switch to carbon free or neutral energy production, attract a substantial mode shift from road and aviation, accompany by introduction of measures to increase car occupancy, encourage rail freight by switching it from road, and support 'code sharing' with aviation on low demand domestic routes.

43. Operationally, HSR is only as low carbon as the energy used to power it.

6.2 Are environmental costs and benefits (including in relation to noise) correctly accounted for in the business case?

44. It is necessary to acknowledge that the business case considered the environmental impact and followed the DfT WebTAG and DMRB guidelines. However, as a result it is subject to the limitations of these techniques, particularly around non-monetised attributes.

6.3 What would be the impact on freight services on the 'classic' network?

45. HSR potentially provides opportunities to promote a shift of freight traffic from road to classic rail, via released capacity.

6.4 How much disruption will there be to services on the 'classic' network during construction, particularly during the rebuilding of Euston?

46. No response to this question.