



**London First response to the Government's Consultation:  
'High Speed Rail: Investing in Britain's Future'  
29 July 2011**

**Introduction**

1. London First is a business membership organisation with a mission to make London the best city in the world in which to do business. We do this by mobilising the experience, expertise and enthusiasm of the private sector to develop practical solutions to the challenges facing London. London First delivers its activities with the support of the capital's major businesses in key sectors such as finance, professional services, property, ICT, creative industries, universities, hospitality and retail.
2. We welcome the chance to give our views on the government's proposals for a national High Speed Rail (HSR) network. They are informed by early discussions with the Commission of business leaders London First recently established to examine the capacity and quality of London's transport infrastructure links with the rest of the UK and the wider world. This Commission will publish its final report, with recommendations, in January 2012. Further background can be found in the Annex to this response and at **[www.londonfirst.co.uk/connectivity-commission](http://www.londonfirst.co.uk/connectivity-commission)**
3. In its recent spending review, the government demonstrated its commitment to investment in economically vital transport infrastructure, a commitment we strongly support. We would welcome the extension of this commitment to a visionary approach to infrastructure planning and provision, in place of the all-too-familiar sweating of assets to beyond breaking point, and view HSR in this light.
4. Analysis shows that the West Coast Mainline will be full by 2024<sup>1</sup>. New capacity will be required to meet growing demand and reduce overcrowding, and we agree that HSR is an effective way of adding significant extra rail capacity, both to this network and to other services important to London, such as commuter routes between London and growing towns and cities like Milton Keynes, Coventry and Northampton.
5. Most importantly, given the costs and scale of any project to deliver HSR, we agree with the assessment made earlier this year by the Northern Way that "High speed rail is a once in a generation opportunity to transform the economic prospects of the North". However if HSR is to deliver that promise, help underpin London's future prosperity, and retain the support of London business, there are four conditions which must be met.

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<sup>1</sup> West Coast Mainline, Route Utilisation Strategy, Network Rail, December 2010.

## Conditions for success

6. First, if we are to start, we must finish. The real transformative benefits of HSR come from linking a network of cities to London and to each other: first Birmingham; then Leeds/Manchester; and ultimately Scotland. A network that goes no further than Birmingham will not deliver the value for money of the full network; and it manifestly will not transform the economy of Northern England and the UK as a whole. Completion requires long term commitment from government.
7. Second, HSR must be an “and” not an “or”. This visionary, potentially transformative, grand project must be in addition to other vital work needed to upgrade the existing transport network, to address both historic underinvestment and to meet future demand. This includes seeing through the Tube upgrade programme in London, road improvements in England and the vital upgrades of our current rail network needed to relieve the overcrowding experienced by commuters every day. It is worth noting, for example, the benefit cost ratio of High Speed 2 (HS2) is 2.0, while that of the still to be funded Piccadilly line upgrade is 4.2.
8. Options to invest in the overall transport network, and to utilise the capacity created by HSR on the classic rail network, will need to be judged in this context. As Eddington states: “Where resources are limited and there is a need for prioritisation, it is logical to begin with identifying cost effective transport interventions in areas which are expected to yield the greatest contributions to sustainable economic performance in the UK.”<sup>2</sup> While transport investment is vital to economic growth, the returns vary considerably from scheme to scheme.
9. A clear framework is needed for judging which transport expenditure is most likely to yield the greatest contribution to sustainable economic growth in the UK. This framework needs consistently to capture a scheme’s wider economic impacts (WEIs) and incorporate them into the scheme’s benefit cost ratio, such that the economic benefit of all transport spending can be assessed on a like-for-like basis. Key to this framework is a proper assessment of agglomeration impacts - the largest components of WEIs - which are increases in economic output supported by transport improvements in dense urban areas.
10. Third, the delivery of HSR must not be a substitute for a national aviation policy that supports economic growth. The consultation document recognises that “international travel is forecast to experience a significant demand growth over the coming decades”. The demand for flights in the UK is forecast nearly to double by 2030<sup>3</sup>, and in London to rise to around 250 million passengers a year, up from 140 million now<sup>4</sup>.

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<sup>2</sup> The Eddington Transport Study, HM Treasury, Department for Transport, 2006. Vol 1.

<sup>3</sup> UK Air Passenger Demand and CO2 Forecasts, Department for Transport, 2009.

<sup>4</sup> A new airport for London - The Case for New Capacity, Mayor of London, January 2011.

11. HSR can complement an increase in runway capacity at airports in the South East and will, at the margins, be a substitute as some short-haul flights migrate to rail. But around 80 per cent of all journeys to and from London to Manchester are already taken by rail, and there are currently no flights at all between London and Birmingham. Analysis indicates that there is the potential for around 4 per cent of air traffic movements at Heathrow to be substituted by a high speed rail network extending to Manchester and Leeds<sup>5</sup> - a marginal release that would quickly be consumed, given pent-up demand.
12. We support HSR linking to Heathrow airport and to HS1, and urge further work to identify the most efficient ways of doing so, to make competition between air and rail services as effective as possible. However, a high speed rail network that puts the cities of Britain in closer contact with our only hub airport will likely increase demand on that airport; and Heathrow is already full. An integrated approach to transport policy is required, ensuring HSR dovetails with increasing runway capacity in the South East - at our national hub and elsewhere.
13. Fourth and finally, further investment in London's transport infrastructure must be integral to any HSR strategy if London is to cope with the increased numbers of passengers expected to arrive on HSR. At Euston, demand is forecast to rise from 21,000 in the AM peak in 2008 to 29,000 in 2033 without HSR and 38,000 with the full-Y network stopping at Old Oak Common<sup>6</sup>. Delivery of HSR must come in lockstep with the delivery of increased capacity in London termini enabling passengers to travel to their final destination. This requires a commitment to the Tube modernisation programme beyond 2014/15 (including the second phase of the Northern line upgrade, which directly affects Euston); new underground rail capacity at Euston; and the effective integration at Old Oak Common of HSR with Crossrail and other commuter rail infrastructure and services.

### **Wider infrastructure**

14. The planning and development of HSR should take place in the context of wider national infrastructure planning so that lessons learnt from other sectors, and opportunities for integration, can be maximised. Infrastructure UK has undertaken valuable work over the past year through the National Infrastructure Plan, Infrastructure Costs Review and its Engineering and Interdependency Group. This work highlights some opportunities to manage the risks and costs of HSR, as well as to explore the potential to use this new transport corridor as a means of supporting new utility or communications infrastructure. These opportunities should be further explored in the next planning phase of HS2.

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<sup>5</sup> High Speed Rail Access to Heathrow: BAA 2<sup>nd</sup> Submission to the Lord Mawhinney Review, April 2010.

<sup>6</sup> Transport for London, March 2011.

## **ANNEX - London's Connectivity Commission**

London First has established a Commission to examine the capacity and quality of London's transport infrastructure links with the rest of the UK and the wider world, (rail, road, air, and digital where it offers an alternative), which will make recommendations for the short, medium and longer term to government (and others as appropriate).

Its start point is the proposition that London's continued success as a leading centre for world trade and commerce is critically dependent on improving and increasing the movement of people to and from the capital.

The Commission is chaired by Peter Robinson, Chairman and Partner, Berwin Leighton Paisner, and has as commissioners:

Peter Damesick - EMEA Chief Economist, CB Richard Ellis

Chris Elliott - Managing Director and Head of Infrastructure Investing, London, Barclays Capital

Sir Adrian Montague - Chairman, 3i, Anglian Water and London First

Ruby Parmar - Senior Partner, PwC

Mike Redican - Managing Director, Deutsche Bank

Francis Salway - Group Chief Executive, Land Securities

Andy Street - Managing Director, John Lewis

John Vincent - Director of Strategic Planning and Advisory Services, AECOM

Over the coming months the Commission will gather evidence, both written and oral, from businesses, policy makers and experts, and will launch a final report in January 2012. It began by launching a [Call for Evidence](#).

Further details can be found here - <http://www.londonfirst.co.uk/connectivity-commission/>

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