

Public Accounts Committee

Oral evidence: HS2 recall—pre panel, HC 178

Monday 21 June 2021

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Members present: Dame Meg Hillier (Chair); Gareth Bacon; Shaun Bailey; Sir Geoffrey Clifton-Brown: Antony Higginbotham; Nick Smith.

Gareth Davies, Comptroller and Auditor General, Jonny Mood, Director, National Audit Office, Lee-Anne Murray, Director, NAO, and David Fairbrother, Treasury Officer of Accounts, were in attendance.

Questions 1-68

Witnesses

[I](#): Sir John Armitt, Chair, National Infrastructure Commission; Craig Wakeman, Head of Transport Implementation and Lead HSE Manager, West Midlands Combined Authority; and Sir Mark Worthington, Independent HSE Construction Commissioner.



Examination of witnesses

Witnesses: Sir John Armitt, Craig Wakeman and Sir Mark Worthington.

Q1 **Chair:** Welcome to the Public Accounts Committee on Monday 21 June 2021. This is one of our two sessions this week looking at the progress of HS2—High Speed 2—the UK’s largest infrastructure project by value and a programme that this Committee has had a long-standing interest in. As many people will know, HS2 has been beset by delays, cost overruns and concerns about transparency, and there were discussions at a very high level in Government about whether it would continue. It has now been backed by the Prime Minister, and Acts of Parliament have been passed. The first phase is well under way, and the Committee did a visit last week to Rickmansworth to see some of those groundworks in action.

I would like to take this moment to pay tribute to the late Dame Cheryl Gillan, a former member of the Committee, who fought hard for her constituents on this issue and was a very valued member of the Committee. She knew more about HS2 than almost all the rest of us combined, although we are working hard to catch up with her deep level of knowledge. She will be very sorely missed by us all, but also by anyone who has had an interest in HS2.

This week, we are going to be digging into where things are going. We have obviously had the Acts passed, as I have said. We want to know whether deadlines will be met, what the budget is looking like, whether this is actually on track financially and whether we will get value for the taxpayer. That is even harder to calculate as a result of changes in travel patterns with covid, which are obviously still very uncertain.

Today we are going to hear from public bodies involved in the oversight and implementation of major infrastructure including HS2. Our witnesses are Sir John Armitt, who is the chair of the National Infrastructure Commission, which covers all major infrastructure projects; Craig Wakeman, the head of transport implementation and lead HS2 manager for the West Midlands Combined Authority; and Sir Mark Worthington, the Independent Construction Commissioner.

Before we go into questions, though, I would like to ask Sir Mark whether he could just explain exactly what the Independent Construction Commissioner does, because not everybody will be aware, Sir Mark, of your role. Perhaps you could give us a few words on what you do.

Sir Mark Worthington: My role is basically as the final point of adjudication within the HS2 and Department for Transport system for all unresolved construction complaints. HS2 has its own complaints process, but if a complainant is still dissatisfied at the end of that process, they can appeal their case to me. I am charged with looking at such cases in a fair, balanced and reasonable way. I am also charged with mediating, when asked, between parties, and working with individuals, businesses and



communities to try to resolve problems when they first come up instead of having to go through a lengthy complaints process. Part of it is to create a dialogue between communities and HS2. I also fulfil a very similar role for the HS2 small claims scheme, which I oversee.

Mine is a public appointment. I am entirely independent of HS2. I report to the Minister. I issue a quarterly report on my work and my views. I have a steering group to advise me. And I meet regularly with HS2 senior executives and with the Department for Transport to try to work through issues and give the best advice, based on what I hear back from the public. So that is where I fit.

Chair: Thank you very much for that, Sir Mark. It's just helpful to set in context what you do. That is perhaps more apparent with other witnesses, who have been in front of us before. I am going to ask Shaun Bailey MP to kick us off. Over to you, Mr Bailey.

Q2 **Shaun Bailey:** Thank you, Chair. The first question is to Mr Wakeman. How are we going to ensure that HS2, particularly for our communities in the west midlands, does not feed into the narrative of lovely regeneration in central Birmingham but scraps for everything else, and how are we going to convince communities such as mine in the Black Country that they are equally going to see the dividends of the implementation of HS2?

Craig Wakeman: Thank you for your question. When we first started looking at HS2, a key challenge was talking to some of your colleagues and constituents up in the Black Country about what benefits HS2 would deliver to them. We were very keen to look at how we could stretch the ripple effect of the regeneration to the Black Country, and also wider across the west midlands. We looked at ways in which we could connect people to the growth nodes created by HS2. In our original strategy we came up with a means by which we would connect nearly 2 million people in the west midlands within 45 minutes of the growth nodes created by HS2, using improvements in public transport and roads—things you will be familiar with—with the metro extension that goes up to Wolverhampton and now up through into Brierley Hill. We were also looking at other means by which we could do that. We had Sprint buses up into Walsall and various other regions.

Looking at HS2 as a wider growth opportunity with businesses, we started to look at what HS2 meant in business terms, so we adopted an approach that HS2 was going to come, and it was a case of looking beyond building a railway and asking what we could do. We looked at how we could support businesses in the supply chain. I recently, with the Mayor, got a number of events up in the Black Country to talk to businesses about how they can win contracts for the construction of HS2, but also as part of the legacy of HS2—things like fencing, security, lighting and all sorts of things. I think there are 400,000 contracts that will be let in Area North, which is our area in the midlands on HS2. We are working at supporting businesses and people, not just in the original construction phase for HS2, but for the legacy thereafter.



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I am sure you know that the first railway spurred the first industrial revolution. A number of towns in the Black Country emerged on the back of the industrial revolution because they helped construct that railway. We hope that this is the green technological industrial revolution of the 21st century.

- Q3 **Shaun Bailey:** Thank you, Mr Wakeman. That's really helpful. Can I turn to the private investment that needs to be secured, particularly for the Curzon Street site? Obviously, as part of that regeneration, that interaction with private investors will be key. Given the uncertainty of covid and particularly given delays with the northern connection, how confident are you, from the WMCA's perspective, of obtaining that investment? How are those conversations going? On the cost-benefit analysis, what is that effectively? What will the benefit be in terms of that private investment for that area?

Craig Wakeman: I cannot speak to its totality, to be fair, but what I can do is give you some of the confidence that we have. If we look at some of the schemes that are being brought to bear within Birmingham at present, we heard on Friday the announcement of another 642 apartments being built in the centre of Birmingham, on top of the 542 that were announced the other day. Again, there were further announcements made this morning about additional investment in the region. We did a lot of work looking at Deloitte's crane surveys to see what the market movement was when we did our refresh strategy in February 2021. The confidence continues to grow. We are not seeing a let-up in investor interest in the midlands—not just Birmingham but the midlands as a whole.

I spoke to one of the owners of one of the biggest development companies in Birmingham only a few weeks ago, and I asked him about the importance of HS2 and improved local connectivity. His basic approach was, "If we don't have HS2, we don't have that improved local connectivity and my investors could disappear." He said it was that important to the region. So, given where we are, and given that notice to proceed has been given by the Government, we are not seeing any let-up whatever in investment at this present moment in time.

- Q4 **Shaun Bailey:** Are you confident that, as things progress, that confidence, broadly speaking, will continue? I am conscious that when we started this project, we were operating in a little bit of a different reality, particularly as the world of work changes, which is one of the big pitches of HS2, with the idea of Birmingham to London connectivity in particular. Are you saying that you are still broadly confident that those benefits that were calculated at the time, at the inception of the project, will still be at a level that would be acceptable for us to carry on?

Craig Wakeman: I believe so, yes. We refreshed our growth strategy in the midst of the pandemic. We looked at what we had forecast as growth and took on all those points and the impact of covid, but we still forecast a greater impact than we had originally, even in a post-pandemic world. We actually expect it to be significantly greater than what we first forecast.



- Q5 **Shaun Bailey:** In terms of the investor interest, how much of that would you say is solely down to HS2 and not down to the wider regeneration of Birmingham? Obviously, as you and I both know, Mr Wakeman, there have been significant amounts of money ploughed into Birmingham over the last decade to regenerate and encourage investor interest. Do you know how much of it is solely down to HS2?

Craig Wakeman: I couldn't quantify it as an exact figure. I can only give you the anecdotal feedback that I have received from one of the major developers in the city, which I have just alluded to, and from talking to other investors and strategic partners across the region. Their view is that they base everything on the back of HS2. Our Mayor calls it the mommy and daddy of all infrastructure projects in this country, as you well know. If you talk to any of the major players in and around Birmingham—the people who are working in this area—the majority of them say that that investment and those opportunities have been brought forward on the back of HS2.

- Q6 **Shaun Bailey:** Mr Wakeman, you have touched on this, but I would like to turn briefly to the existing transport priorities. One of the big existing lines that serves the urban west midlands is the Wolverhampton to Shrewsbury line. If you are in Tipton, in my constituency, you will jump on that train to get into Birmingham. Obviously, we have the metro from Wednesbury, also in my constituency. Broadly speaking, when looking at existing transport investment—you have talked about the metro extension from Wednesbury to Brierley Hill—how are we ensuring that HS2 complements that? You have given some examples there, but what are we doing to ensure that the existing infrastructure matches with the opportunities of HS2?

Craig Wakeman: This is one of the hidden opportunities of HS2 in itself: it releases an awful lot of capacity on the local networks, so we don't have fast trains and commuter trains on the same network and we are able to move people over into the high-speed railway. If you look at what we are doing in the midlands—you will be aware of the Midlands Connect work and their ambitions for the midlands rail hub—we have identified that HS2 will provide benefit for 73 stations within our region. It will create 576,000 new seats per day because it will reduce overcrowding. It will create 144 free spaces for additional freight on the current network. It will allow us to have new direct services across commuter routes.

For example, you just touched on Shrewsbury and the London arm. We believe that we will have capacity to increase the amount of train passages that we can run through those things—the services between Coventry, Birmingham International and Derby, for example. We believe we will have those, and better commuter services as well, down into Warwickshire. All those are born out of the capacity that we believe HS2 will make available to us. Again, it will allow us, with the investment in the midlands rail hub, to improve that further.

- Q7 **Shaun Bailey:** One of the pushbacks that I have had from constituents is that if they want to make use of HS2, they obviously have to get to



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Curzon Street, and to do that they have to use that network, which is going to apply some degree of pressure. In addition to HS2, the benefits that we are talking about are contingent on the additional investment that you just talked about and those additional transport priorities. Let's take, for example, the midlands metro and the expansion there. Surely the success of that is also contingent on ensuring that the extra capacity is built. Am I understanding that correctly?

Craig Wakeman: Not necessarily, no. HS2 will create additional capacity, but there is an awful lot of other work going on within the traditional infrastructure in the west midlands that is looking to create additional capacity. As I am sure you are aware, in the midlands we are looking at reopening a number of stations across the network to create additional capacity with extra train passages and so on. There are a number of factors and elements that come together to help us deliver on this. It is not solely contingent on HS2. We have tried to use HS2 as that catalyst—that is an overused word—for growth, and then to exploit that beyond what HS2 is bringing to the midlands.

Shaun Bailey: Thank you. Chair, I will leave that there for now.

Chair: Thank you, Mr Bailey. Let us go to Sir Geoffrey Clifton-Brown.

Q8 **Sir Geoffrey Clifton-Brown:** Can I ask one quick question, Mr Wakeman? I do not know whether you have yet fixed how many trains per hour will run on this line, and therefore how many passengers a day will travel on it, but these will be relatively high-paying passengers, and there will be relatively few of them compared with a busy inner-city line. How will that limit the effect of investment in the west midlands that HS2 will have?

Craig Wakeman: I do not think I can answer that question, if I am honest, because I do not directly work for HS2.

Q9 **Chair:** The wider point Sir Geoffrey is making is that there will be relatively few better-off passengers who may or may not get off at Curzon Street. How much are you banking on that being part of the driver for the local economy, or is it just that the physical infrastructure will drive other investment that benefits local people in the way that Mr Bailey was teasing out from you?

Craig Wakeman: The physical infrastructure element is where we are expecting to see things. Obviously, the commuting to and from London to Birmingham and so on and so forth is a passenger transaction that already takes place. We are looking at this as part of that wider growth and regeneration opportunity, not just solely based on those numbers.

Q10 **Chair:** Sir John Armitt, you just heard Mr Wakeman quote the Mayor of the West Midlands describing HS2 as the mummy and daddy of all infrastructure projects. Do you agree with that characterisation, and if so, or even if it is only up there at the top, what makes it such a significant infrastructure project with potential for wider investment?



Sir John Armitt: Clearly, this is the largest infrastructure project that this country has seen for a very long time. It depends on which phase of it you like to take, but in total you are looking at the Government's figure of £100 billion. That is five nuclear power stations or half a dozen Crossrails in London, so it is the largest project for a very long time and probably for a very long time to come. However, it is an investment over 20 years.

The impact of it, I am quite confident, will be significant. One reason for it, long argued—I have argued it myself in the past—is that we cannot just continue to rely on our old, essentially Victorian-foundation railway that we have in this country. If you look at reliability, the most reliable piece of railway we have in the UK is High Speed 1. High Speed 2 will undoubtedly become the most reliable piece of railway when it is built. It will connect Birmingham to London in 35 minutes. That puts a totally different gloss on the expectation of travellers. People might not agree with this, but you might finish up with Birmingham Airport becoming another London airport. In a sense, you are connecting two major centres of activity in a way they have never been connected before. We have been seeing over the last five years investment in Birmingham that I am quite confident would not be there if it were not for the fact that HS2 will provide that level of connectivity for Birmingham.

Q11 **Chair:** You have touched on one of the really significant questions about this. As you point out, it is a very expensive project, which I highlighted at the beginning, but a lot of the infrastructure investment beyond the line—all of it, pretty much—is down to the private sector investing. From your perspective, as head of the National Infrastructure Commission, have the Government got it right, and which are the best local authorities at trying to lever in that private investment? One could argue that, with executive Mayors in Manchester and the west midlands, that is perhaps a little easier than some of the other stations, but are there areas that you think are doing particularly well, and are there areas of concern? I know that you are perhaps not looking at all these in detail, but you will have an overview of where you think that that infrastructure investment needs to ramp up a bit in order to really get the full knock-on benefits of this very large taxpayer investment.

Sir John Armitt: In terms of infrastructure investment across the country and particularly in the many cities and towns, we as the National Infrastructure Commission have made a recommendation to Government that there needs to be greater devolution of funding and decision making to the cities and the city Mayors. We have recommended £20 billion for infrastructure alone over the next 20 years. So far, the Government have been reluctant to release that level of authority—as much as anything else—to others, to the cities.

Infrastructure by itself, of course, will not drive the whole of the investment and levelling-up agenda that we are looking for across the country. Infrastructure has a part to play, and we are doing some work on that in the NIC at the moment, looking at the importance of infrastructure. It alone will not solve the problem; there are skills issues and the desire of the private sector to invest.



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The private sector will undoubtedly always look at connectivity, and at agglomeration. What you achieve with better infrastructure is clearly that ability for people to move goods, services and so on more easily between cities—so you create that greater level of economic activity. One of our objectives at the NIC is to improve and increase the economic activity of the UK, while at the same time recognising the whole zero-carbon agenda and dealing with that in the same breath, as it were, and improving people's quality of life. Those are what drive us as a commission—at a strategic level, rather than at an individual project level.

We have never done this—we were excluded from doing any work on HS2 when we were created back in 2015, because it was already Government policy. In the same way, we were not asked to look at Heathrow and the third runway. We have looked at HS2 more recently, in the context of regional rail and the investments required in the midlands and the north, to get the balance right and see how they interrelate. That is another issue altogether, which we have reported on.

Q12 Chair: From what you are saying, it is not just the value of the project, but the fact that it is improving connectivity, eventually all the way to Scotland. What do you think the pitfalls are? This could end up being a London-centric project—that is one of the things that has been levelled at it, that it is just so everyone can get to London more quickly. Covid might have switched that somewhat. Do you think it is a risk still? What would be your words of caution to the Government and to those with the stations in their area, to ensure that the investment put in around the nodes and the stations will deliver locally, given your high-level experience running the Olympics and the NIC, among other things?

Sir John Armitt: In the context of whether London remains with, or whether this project ensures, its prevalence or priority as the economic centre depends on the degree to which we are able to increase the level of economic activity in the other major cities in this country and to create—in the Government's phrase—more levelling up of the economy. If you do not create any levelling up of the economy, clearly London remains the centre and therefore people say, "Well, how do I get there?" Whereas if you in fact create more economic activity in Manchester, Leeds, Newcastle, and Birmingham and the midlands, then you have more need for people to get out of London and to go to those places, creating the other directional flow.

For those of us who have travelled for the past 10 or 20 years on the Virgin Pendolino up to Manchester, it is as busy going out of London as it is coming back. Often, it is busier going out than it is coming back. There has always been a drive for people to leave London on business or leisure to go to other parts of the country.

To come back to my original point, what we are doing here is not to create a railway for the next five, 10 or 20 years, but to create a spine of infrastructure in this country for the next 100 years. It will be a much better piece and quality of infrastructure than anything else that we have



on the railways. That is its underlying importance to the country as a whole.

- Q13 **Chair:** That sounds great, but we know that the only region that has actually grown in GDP is the area around Bristol—so every attempt by different Governments over many decades to devolve and to invest has not actually delivered in the regions. It has delivered more to London. As a London MP, I recognise the importance of the capital as a driver for lots of things, but we would all recognise the need to see further investment. What do you think has gone wrong or—perhaps this is a better way of putting it—what could be done better to make sure that this particular huge infrastructure development and cost really delivers that economic growth in other areas? What are the pitfalls and what could the solutions be?

Sir John Armitt: You have to look at what it is that drives investors to invest in different parts of the country. In fact, if you look at the whole renewables industry that is developing in this country, that is going to be developed in the north-east and the north-west. There can be no growth without jobs, so fundamentally, you have to say, “What it is that is going to drive jobs?” The driver for jobs will be, frankly, economic activity and opportunity. The Government are trying to do their bit in moving jobs to those places, but at the end of the day, what is more important is what is happening in the private sector, in industry and in investment. We have to look to the industries of the future, and we have to find ways to encourage them—Government have a role to play in that—to invest in those particular locations.

When Siemens decided to invest in their wind-turbine facility on the east coast a few years ago, this country was in competition with Denmark. The question in Siemens’s mind was, “Where are we going to invest and where is more attractive for us to invest?”, and the UK managed to win that battle. That will continue; this is a continuous series of battles, if you like, where we are competing with the rest of the world in many instances. The giga battery factory is another example: it does not matter which part of the country it goes to; the important thing is that it finishes up in the UK and is not built somewhere else in Europe. Again, the Government are going to have to work with investors and industry to make sure that the right attractions are in place to ensure that it happens here rather than elsewhere.

HS2 is just an element of the overall knitting that is required in this. In the short term, it creates a lot of jobs in itself. It creates new skills and opportunities by itself as a piece of major rail infrastructure, but we have to look to the wider industry and developments and opportunities in this country. The Prime Minister’s announcement in the last 48 hours about wanting to see us at the forefront of new technological development, using all the skills that we have in this country, is another example of that. We are now in the world of joint activity between Government, investors and industry, and of making sure that we understand that properly and get the balance of responsibility and investment between us correct.



Chair: I will come back to how we measure the dividends later if it has not come up by then. I call Sir Geoffrey Clifton-Brown.

- Q14 **Sir Geoffrey Clifton-Brown:** Sir John, I hear what you say about investment attracting the benefit from HS2, but in France, it seems that the traffic was really more one way. When high-speed rail was built from Paris to Nice, for example, the traffic went largely from Nice to Paris rather than the other way round. Was that because in Nice, the private sector did not invest to take advantage of the high-speed rail? Is that the difference between your prediction here and what happened in France?

Sir John Armitt: Well, I don't know. The only time I have caught high-speed rail in France has actually been to go south—I am one of those who is used to going in the opposite direction. At the end of the day, you have to ask, "What are we trying to do here?" What we are trying to do is to lay down a long-term better infrastructure for this country. We want people to use rail; we want people to use rail in the future. Public transport is going to be critical. We do not want more and more people on the road; we want more and more people on public transport. To get them on public transport, it has to be reliable, efficient and at a frequency that enables them to make worthwhile use of it. HS2 can fit all those criteria and releases more capacity on the existing railways for freight, which is another factor in ensuring that we have a lower-emissions future.

This is why I think it is so important that local Mayors and cities have as much responsibility as possible for what happens in their area. They are the drivers. Government cannot easily drive the investment that will take place in Manchester or Leeds or Birmingham. The people who drive that are the leaders of those communities, working with the investors and local businesses in those communities, working out what skills they have to offer and what businesses they can attract to their city. They will always be in competition with one another, unless we are going for some centralist spatial plan that decides which part of the country will do what—there are arguments for that, but I will not go into that now.

You cannot break this down into a series—this project does this and that project does that. You have to look at it holistically, and say, "What are the broader benefits of this scale of investment?" We have made the decision about HS2; what we now have to do is build it as quickly and as affordably as we can, and then make sure that everybody is doing all they can to take advantage of it.

- Q15 **Sir Geoffrey Clifton-Brown:** May I ask you the question I asked Mr Wakeman? You mentioned the west coast main line and the Pendolinos. The volume of traffic on that line will be far greater than HS2 ever will be. Is the fact that HS2 can take a relatively limited number of passengers, paying quite a high fare, going to be a limiting factor?

Sir John Armitt: We used to say that about HS1. HS1's business case relied on domestic travel—people wanting to get from London and back more quickly than they could on the existing network in Kent. That has proven to be the case. Despite costing more to travel on HS1, the loadings



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on those trains is such that people living in Canterbury now have to stand, because the volume of demand on a railway that gets them into London 35 minutes quicker than the existing old railway is very attractive to them. It gets them home again equally rapidly.

Very often, people will use the most efficient and fastest route. You have people who are time poor and time rich. Time-rich people will be prepared to go by coach or a slower railway, but the people who are time poor will always go for the faster option. We have demonstrated that with the success of High Speed 1.

Chair: Well, we will debate that a lot, but I will go to Mr Gareth Bacon MP.

- Q16 **Gareth Bacon:** Thank you very much, Chair. All my questions will be for Sir Mark as the Independent Construction Commissioner. You talked about your role in your opening remarks. One of the things that we have is an Independent Residents' Commissioner. How is your role distinct from what the Residents' Commissioner does?

Sir Mark Worthington: The primary answer to that is that the Residents' Commissioner has not previously been able to take up casework. She advises the company, she notes issues that come to her from the public and she feeds that information through her reports and her observations back into the company and the Department. My role is slightly different, although we overlap quite a lot on issues. It is different, in that where we have a construction complaint, there is a process by which, after HS2 has been through its processes, it can be appealed to me, and I will look at it. I am charged with looking at it not from a legal perspective but from what I believe to be fair and reasonable. I take up those cases and I am the last point in that. But as I noted, we do overlap considerably in lots of areas of which we are observers and where we are both concerned about issues.

- Q17 **Gareth Bacon:** Do you have a directive role in the appeals that are made to you? If you decide an appeal on behalf of a residents group that has complained, does HS2 Ltd have to follow your direction?

Sir Mark Worthington: There is not an absolute requirement on HS2 to follow my direction. Basically, the case is usually appealed to me by the individual complainants or the community involved. I look at it, make a recommendation, and HS2 must decide then whether it will be bound by that. Up to now, it has followed almost all the recommendations that have come from my office over the years. It is a matter of testing as we go along.

I do not think that HS2 would want to be in a position of continually finding that the Construction Commissioner awards against it, and they just ignore the Construction Commissioner's advice. Obviously, that would have an impact on the Minister and the Secretary of the State.

- Q18 **Gareth Bacon:** I can see why, reputationally, that would not be good for HS2. I am assuming they have their own relationship with the Secretary of State. Do they?



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Sir Mark Worthington: Yes, the chief executive meets the Secretary of State and the Minister on a regular basis.

Q19 **Gareth Bacon:** So if they decided that they were going to ignore or respectfully disagree with your recommendation, they could?

Sir Mark Worthington: They could. I have no absolute power to enforce it, no.

Q20 **Gareth Bacon:** You have been in post for quite a while. What are the most common issues facing HS2 that you hear about?

Sir Mark Worthington: Obviously, there are individual issues that keep coming up and which affect people along the line. There are also very site-specific issues, but I would say there are three broad areas that are very common issues. The first is the issue of traffic, roads and the designation of construction routes, particularly in rural communities where access to sites often involves heavy lorries and equipment going down roads that, although perfectly legal, were simply not designed for this sort of thing. The volume of traffic, both in rural and urban areas, has an impact—the extra lorry traffic on the roads, particularly in rural areas where people simply are not used to that sort of volume. There are issues around driver behaviour, the use of incorrect roads and speed. Another big one, certainly in the last year or so, has been the issue of the condition of roads—mud on roads and so forth.

There are two other big areas. One is the issue of vegetation clearance—we have heard a lot about ancient woodland, woodland in general, and hedgerows—and the disturbance of the wildlife that that causes. Then there is the whole issue surrounding noise and vibration. That is a particular issue in urban areas, particularly in London, and it is having an impact on people's lives. Those would be the three broad, big areas.

Q21 **Gareth Bacon:** That final point about noise and vibration is obviously particularly relevant to places such as Euston. One of my colleagues will want to talk about that, so I am not going to address Euston at the moment, because I think he will come in and sweep up after me.

A lot of this is being caused by the fact that HS2 have huge numbers of contractors and lots of outsourced work going on. How are HS2 managing their contractor relationships in your view?

Sir Mark Worthington: In some ways, it is very mixed. It very much depends on the response of the contractors. I find that some contractors are very much on the ball and very active; others are perhaps less so. HS2 would tell you that managing the contractors is a complex relationship, because it also reflects all the commercial contracting that they do. Therefore, anything that I may pick up or report to HS2 to say I am unhappy with—if they want to change that, it means they have to go through the whole commercial process of changing the contractor's contracts, and the relationship changes. It is quite complicated for them but, on the whole, they are doing reasonably well, I would say.

Q22 **Gareth Bacon:** Your most recent report, which covered quarter four in



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2020, acknowledged that there was an increase in the number of complaints. You obviously attributed that to the fact that building work has actually started—or clearance work, at least, has started—so you considered that that was completely inevitable. Has the way in which HS2 managed its contractors changed over that time? Has there been any difference of approach?

Sir Mark Worthington: There has. Basically, what has happened is that we have had, since the middle of last year onwards, a devolution of power from the centre of HS2 down towards the contractors, and the implementation of what are called integrated project teams, where people from the contractors and the joint ventures sit with HS2. What we are hoping—and there are signs that this is working—is that that will mean HS2 can respond much more quickly when issues arise. Obviously, it will not deal with the broad issues that come up, but where there are specific problems that arise, instead of the whole ocean liner or ocean tanker of HS2 having to manoeuvre to react to perhaps a small incident, we are hoping that the integrated project teams, being more flexible and closer to the ground, will be able to act much more quickly in finding resolutions to these problems for local residents.

Q23 **Gareth Bacon:** Is there an example of where that has happened so far that you can point to?

Sir Mark Worthington: On the issue of mud on roads, HS2 devolved those sorts of powers down to the IPTs quite quickly and we have seen much better site cleaning of trucks, but we have also seen a large increase in the mobile units moving along the particular lines of route that have been affected. I think it has been successful in that way, but there are lots of other issues that I am sure will come up that they will need to be equally flexible about.

Q24 **Gareth Bacon:** As I said earlier on, the level of complaints is going up. Is the level satisfactory from your point of view? Is it what you would expect at this point in the project? Is there anything that HS2 should change in terms of how they are handling that?

Sir Mark Worthington: Is it satisfactory? One inevitably has to say, “No, it’s not”, but I understand that it is going to happen; I think it is inevitable that it is going to happen.

We are now into main works, so we are seeing a considerable increase in the level of complaints. One complaint is not acceptable in some ways, but HS2 is gearing up, and its complaints system—which I take an overview on—does work well. Many people who engage with it would tell you otherwise, but it does tend to work well: it has a high resolution rate. Almost every quarter, 90% of problems have been resolved within the 20-working-day timetable, so from that point of view, it works extremely well. However, there will be more and more complaints: the sheer scale of HS2 and the number of communities that it has an impact on is going to generate large numbers of complaints.

Q25 **Gareth Bacon:** In general terms, what do you think HS2 needs to do to



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avoid avoidable issues with local communities, which are only going to increase as time goes on? Some are unavoidable; some are things that could be avoided. What should HS2 be doing to avoid avoidable issues in a way that does not impact on project delivery?

Sir Mark Worthington: It is about how the IPTs, these project teams, work for the future. We hear a lot from the public, and absolutely understandably, about “Who is policing the police”, if you like—“Who is policing HS2?”

However, what is important is that where a problem arises, as I say, these new teams can react flexibly and with authority to solve the problem. In the past, too often it has required elevation up to the very top of the company—the senior levels of the company—before a serious problem is corrected. I hope, and I think HS2 hopes, that the new devolved structure will mean that people lower down in the structure of the company can take the decisions that are going to matter on a day-to-day basis to people’s complaints and problems.

Q26 **Gareth Bacon:** With a project of this size, complexity and duration, because it is going to take a very long time, complaints are probably going to rise and rise and rise. Are you sufficiently resourced to deal with that in the event that that proves to be true?

Sir Mark Worthington: My resourcing is relatively flexible. The Department has always made it clear that I will have resources when I feel I need them. At the moment, that is fine—I can fall back on it when I require.

The way my role was originally designed, I think, was in almost a passive way, where the Independent Construction Commissioner sits there and waits for the problems to come to them. I took the view early on, when I first became commissioner, that I wanted to get into the communities and individual problems at an early stage, to see if there was some wriggle room or ways that we could find solutions without individuals or communities having to go through a process of complaint, and it could be resolved early on. Therefore, I spent quite a lot of my time picking up on issues and working with the company to try to find a resolution for that individual or for that community.

Q27 **Gareth Bacon:** Troubleshooting, effectively. Is that what you are describing?

Sir Mark Worthington: It is a troubleshooting role. As a public appointee, I have taken the view that it is my duty to do the best for the public that I can and try to alleviate their problems, if I can. That is a less formal part of my role, but I believe it is important to try to find more immediate relief where there are problems and where people are suffering from them.

Q28 **Gareth Bacon:** In answer to one of my earlier questions about how HS2 are managing their contractual relationships, you described that it would be very difficult for them to either change the commercial contractual



terms or to re-tender some of their contractual relationships. Has any of that happened as a result of your interventions during your tenure?

Sir Mark Worthington: The contractors often see my comments. Within the company system they circulate them. A lot of the contractors will take note and take action because of them, in almost a voluntary manner. They can see how I am looking at a problem where the public is concerned and how the company reacts to how I see that problem, and therefore they are themselves adapting. It is both a formal and an informal process. But yes, there is change and I hope there will always be change, as we see what the problems are and better ways of resolving them.

Q29 **Gareth Bacon:** Sure. To paint the picture for Committee members, can you give an example of some of the voluntary changes that you see?

Sir Mark Worthington: We have seen changes in work practice where issues have come up. For instance, on covid a lot of people were complaining about worker distancing and generally why construction was continuing. Because of issues raised by myself and the Residents' Commissioner, HS2 took a tougher line with the contractors to remind them of what their obligations were.

In terms of some of the haulier behaviour, there have been instances where hauliers have been dismissed from HS2 work because of repeated breaches of practice. There are occasions where this will happen. Hopefully, as I say, often the contractors themselves will take note of what I and the Residents' Commissioner say in the report and will alter their own approach accordingly.

Q30 **Gareth Bacon:** When the Committee went to visit Rickmansworth last week, we visited the tunnel boring machines. One of them was already underground and the other was just beginning its work, so we are at the very early stages of this development. Looking forward six to 12 months from today, are there particular developments in the project that you expect will raise more issues for you than any other?

Sir Mark Worthington: I still think the issue of traffic and roads will dominate, simply because of the impact on communities. Unlike the physical building of the line, which obviously affects those who are on the line of route, the haul roads and traffic problems can occur tens of miles from the actual site of the railway because of the way the traffic is going to move. That is going to continue to have the most enormous impact on communities, so getting that right will be crucially important. When something goes wrong, or when HS2 sees that there is a problem, acting swiftly to find a solution to that problem will be vital.

Q31 **Gareth Bacon:** Are there any particular self-imposed rules on, for example, supplying sites overnight so that you take the traffic on to the roads when it is least busy, or are there rules not to do that because it might be noisy in built-up areas?

Sir Mark Worthington: On the whole, the rules act against that, because under the code of construction practice, which HS2 and the contractors observe, most of the time their working hours are restricted. That means



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that all movements and deliveries have to be kept within a timeframe. Obviously, when you have allowed 24-hour working or extended working in cases where that is necessary, that is slightly different, but the general terms restrict when those sites can operate.

Gareth Bacon: Thank you very much, Sir Mark. I think one of my colleagues is probably going to want to come in and talk to you about Euston in a moment, but I will stop here.

Chair: Thank you very much, Mr Bacon. We can always come back to you if we need to.

Q32 **Sir Geoffrey Clifton-Brown:** Good afternoon, Sir Mark. How long do you expect your role on phase 1 to last, and will you be going on to do the same role with phases 2a and 2b?

Sir Mark Worthington: The answer to the second bit is that I have already taken over 2a, but I don't think, with the best will in the world, that, given my age, I will be going on to do 2b. I have a three-year appointment, which is renewable. There will always be a need for a construction commissioner while construction is taking place on phase 1 and phase 2a, which I cover, and there will need to be a construction commissioner for 2b, but how that is arranged will be a matter for the Department.

Q33 **Sir Geoffrey Clifton-Brown:** With your experience on phase 1—I imagine that, on a lot of issues, you were not involved early enough and if you were involved earlier you might have been able to suggest to HS2 that they could do things a little differently—what advice would you give to HS2, considering 2a and 2b?

Sir Mark Worthington: One of the things that I have constantly said to HS2 is that it is important that it has a lessons learned process, because had it looked at a lot of the issues earlier, they might have been resolved earlier. There are other issues that came out of the blue, and HS2 has struggled to resolve them but has learned something from them.

It is very important that there is an institutional lessons learned process within the HS2 system for what it has learned from phase 1, so that it does not make the same mistakes in phase 2a, and certainly not in 2b. Part of the trouble is that it is difficult to do a lessons learned to help with phase 1 now, because we are so far into it. If there is that institutional process within HS2, we can see valuable lessons being learned from what has unfortunately happened in phase 1.

Q34 **Sir Geoffrey Clifton-Brown:** Given that your role is very wide—it ranges from environmental problems to traffic noise, vibration and social problems—may I press you a little on that previous answer? Are you able to tell the Committee what some of those lessons might be, presumably probably in fairly general terms?

Sir Mark Worthington: If I give you an example, that will perhaps help, Sir Geoffrey. I know we will come on to talk about the Euston area, but on the whole issue of noise insulation, there have been problems with the



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roll-out of noise insulation and the ventilation systems in the Euston-Camden area. With hindsight, one might have started the roll-out more quickly than HS2 did.

Of course, we had all sorts of problems with covid and there were problems that perhaps had not been fully anticipated with fitting double glazing, noise insulation and ventilation systems to grade 2-listed properties and in conservation areas. I do not think that would have been fully grasped before work started and that created problems of its own.

That is just one example whereby HS2 needs to learn and to ensure that it has that collective memory as it goes forward. Part of the trouble is that, time-wise, it is going to be such an enormously long project, and so tends to have a very high personnel turnover. That is why I say it is very important to institutionalise that learning curve, rather than just relying on individual experience and memory.

Q35 Sir Geoffrey Clifton-Brown: Let us come on to London. Having been on the phase 1 hybrid Bill Committee, in which we spent a great deal of time on London, one understands the complexity of the project in London. Perhaps for those who do not know the detail, it is hard to understand it—trying to reconfigure Euston station and to widen the throat, with all the engineering works around that, is amazingly complicated.

We dealt with some of those problems of ventilation, double glazing and so on, and all the problems can be solved by money. When you think an injustice has been done to an individual or even a whole street, how readily has HS2 come up with a little extra money for double glazing, ventilation or whatever it happens to take to mitigate the impact of its works?

Sir Mark Worthington: As you know, some statutory requirements are placed on HS2 as to which properties will require ventilation and which will require noise insulation. In that, it is simply rolling out the system. It is time that I have been concerned about, particularly because of the intervention of covid and its impact on the roll-out. Naturally, a lot of people do not want workers going into their homes to measure up and fit double glazing in these troubled times. That has slowed down, so that where it would have been much more ideal to have those things in place before the main work started, HS2 has found itself behind the curve.

On other matters, how responsive is HS2 when additional problems come up? It varies. Sometimes, it is very quick and very responsive. It tries to look at individual problems, particularly if for some reason an individual case needs to be accelerated or to be taken into the system in various circumstances—if you have difficulties as an individual, you can find the noise issue particularly can aggravate all sorts of other problems that you might have. It is about looking at those cases. Both the commissioners have worked with HS2 to look at how they can more rapidly focus and identify people with particular needs who might not normally fall under the umbrella of any of the systems but who do need help in those circumstances.



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- Q36 Sir Geoffrey Clifton-Brown:** You do a lot of work trying to resolve problems with individuals that get beyond the individual's problem, so you need to work with the local authority, and you must have been working with quite a large number of local authorities up and down the line. Do you find some local authorities better to deal with than others, and is there any particular lesson to be learned from the ones that do it really well?

Sir Mark Worthington: If I could reverse the two questions, the ones that do it really well have good lead officers on HS2 who understand the problems and also have some authority within the local authority itself, whatever that might be. The quality varies; on the whole, I found it to be quite good. The amount of effort a local authority wishes to put in to engage with HS2 has, as you know, been very variable on the line. Some local authorities have taken a view that they do not really want to engage terribly much. Others have opened their doors and said, "Yes, we want as maximum an engagement as possible." Again, it varies, but I think local authorities are working hard with HS2 to try to resolve many of the problems that the building of this line is inevitably going to cause.

- Q37 Sir Geoffrey Clifton-Brown:** Let us come on to Euston, which is probably one of the most complicated bits of the line, and the plans are still not really fully evolved. Some of it is within HS2's orbit, and some of it is outside HS2's orbit. As the plans evolve, more people's interests are affected. In terms of complaints, are you still expecting regular work to arise for you from Euston?

Sir Mark Worthington: I was at a meeting of the Euston community only last week, and they made their views very clear during that meeting, which was one where HS2 and both commissioners were there at their invitation. The local community made it very clear how dissatisfied they are with how HS2 is addressing the problems in the Euston area. Some of those complaints are absolutely understandable and absolutely valid. I will work with the communities and with HS2 to try to find solutions to some of the specific issues that came up at that meeting.

As you say, a lot of the problem is that you have different interests there. You have the HS2 interests; Network Rail; inevitably, because of power and cabling, you have all the utilities; and there has been a great deal of demolition in the Euston area, so there are lots of issues about properties and so on. Those are issues that HS2 is trying to find resolution to or, if there cannot be resolution, at least to ease the impact on local communities.

- Q38 Sir Geoffrey Clifton-Brown:** It is very difficult, when the whole scheme has not been fully designed, to see how you actually design it: where the rails come into it and their levels, whether the existing platforms will be moved, and how much of that is going to affect the community. There is going to be a complete regeneration around Euston, and the whole area is going to change. Is it not very difficult in meetings with communities facing this amount of change to offer them any amelioration of their prospects?



Sir Mark Worthington: The straightforward answer is yes—it is very difficult. I think that where there is an individual issue—it may be that somebody up to that point has not been offered double glazing who should qualify for it etc.—then we can try to work find a resolution to that. But inevitably, given the amount of work around the Euston/Camden area, those are problems that are going to be in existence for the whole of the construction period. Therefore, the impact upon local roads and the impact of noise etc. just are not going to go away and there is almost nothing that can be done to make them go away, because the project has to be built. Therefore, inevitably, I am afraid those communities are going to have the knock-on from that.

Q39 **Sir Geoffrey Clifton-Brown:** Yes, we came across one entire street where they were going to have a massive temporary wall in front of their houses for 15 years and they were going to have trial ventilation digs in their gardens for 15 years. This is almost getting to the point where HS2 ought to be buying those very expensive properties, but they are not going to. So some people in this whole thing are suffering very long term—as you say, throughout the entire construction of phase 1. That must be very difficult to resolve, where people are suffering for such a long period of time.

Sir Mark Worthington: It is—I mean, it is almost impossible to resolve. And one recognises the plight of these individuals and communities. It might be Park Terrace that you were referring to there. It is very difficult to give any sort of comfort to residents there and communities there.

HS2 can do its best with items of mitigation, but, as you note, the cost of moving all those people, some of whom have extremely expensive houses, would be so great that it is nigh-on impossible without extending the HS2 budget by considerable lengths. This is always an issue for HS2—to try to do its best to limit work noise, but knowing that it is going to be there.

Q40 **Sir Geoffrey Clifton-Brown:** This is a slightly tongue-in-cheek question: have you become involved in the construction at London Zoo and resolved that problem?

Sir Mark Worthington: No, I haven't been called in by London Zoo yet.

Q41 **Sir Geoffrey Clifton-Brown:** I wonder if you will be.

Moving on, can anybody refer themselves to you if they feel that they have been badly treated by HS2? What is the process? Do they have to go to HS2 first before they come to you?

Sir Mark Worthington: Basically, I review HS2's decision, so people need to have had a decision from HS2 before the case can come to me. It also has to be on a construction-related matter. As you probably know from the Bill Committee, there are all sorts of exclusions or issues that are covered by alternative authorities.

Q42 **Sir Geoffrey Clifton-Brown:** One of the problems all along seems to have been actually getting a point of contact within HS2. I don't know whether HS2 has got better at that—dealing with complaints and having



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a single person dealing with an individual community, or even an individual person. Do you feel that it has got better and, if so, has that reduced the number of complaints?

Sir Mark Worthington: I am not sure whether it has reduced the number of complaints. I think it has got better; I think we are seeing progress and improvement all the time.

One of the issues that came up when I first took on the role was that lots of people said, "We don't get any engagement." I would slightly doubt that; I would tend to find out that there is a lot of engagement. It doesn't always mean that the engagement is what the community is looking for. It doesn't always provide the answer the community wants. Sometimes it doesn't necessarily provide the answer at all.

However, I think there has been a considerable improvement over the last three years, and the situation is continuing to improve. I hope the new integrated project team system and the devolution will make it easier and more identifiable. HS2 has now put in schemes whereby, when issues come to Members of Parliament on a constituency level, they can be more rapidly accelerated so that MPs know that there is action being taken. Yes, overall, I think the system is improving and refining as we go along.

Q43 **Sir Geoffrey Clifton-Brown:** You have a massively wide job, as I said at the beginning—anything from environmental problems to social problems and traffic problems. Do you have the ability to buy in professional advice to advise you on what is the correct course of action to take?

Sir Mark Worthington: So far, I have not needed to seek wide outside advice, because, as I say, the way my role is designed is almost to be the layman who looks at these problems. I look at it in terms of what I think is reasonable from the complainant's point of view, but I also need to bear in mind that I have to be fair and reasonable to HS2. The commissioner's role, in that sense, is: what do I see, as a layman, is reasonable in this argument?

Q44 **Sir Geoffrey Clifton-Brown:** So you have been appointed for your common sense, Sir Mark.

Sir Mark Worthington: Not sure.

Q45 **Shaun Bailey:** One of the big parts of HS2 has been the push around skills. Obviously, we have seen the issues with the HS2 academy in Doncaster and the fact that that has had to be taken over by a university. Given how much has been placed on the ongoing development of the skills infrastructure, are you confident that we have adequate skills at the moment to complete this project? If not, how are we going to plug that shortfall?

Sir John Armitt: The skills shortage has to be a continuous drive, particularly by an industry. In the case of major projects, they actually have an advantage over many other schemes, because they have a scale of investment available to them. They can actually set up their own arrangements. They can set up their own colleges. HS2 has done that,



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Sizewell has done that, and we did it at the Olympics. You can set up a whole series of initiatives to enable you to increase the volume of skilled resource that you are going to need at the end of the day. You have an advantage over other smaller organisations and smaller businesses in that respect.

The industry, like so many industries, is an ageing industry. I am the chairman of City & Guilds and we have, in the last couple of years, bought rail training businesses, because we can see that there is going to be a significant development there, and the courses that we run are very well attended and very attractive. The wider skills agenda is a very significant challenge, frankly, for this country. The Government has tried to address it with things such as T-levels, which is a longer-term agenda—giving people awareness of vocational skills opportunities at an earlier age. The Prime Minister has talked about trying to operate more on the German model. A lot of people would have some empathy or sympathy with that approach. We do not do it at the moment.

You have to decide where you want to start. Many people would argue that you need to start at seven or eight-year-olds. Personally, I would argue that I have not seen evidence that there is sufficient resource in this country in careers guidance. I do not think there is sufficient guidance in schools. We have not recovered yet from the focus on universities as being the only outcome that is a desirable one. Educationalists and many parents still think that the only thing that is going to be good for their son or daughter is a university education. We have to work to offset that and to show that there are many other ways in which a very satisfactory career and life can be achieved. It is an ongoing challenge for many industries, not least the infrastructure industry.

Q46 Shaun Bailey: Of course, Sir John, but in relation to this specific project, are you confident that there is an adequate skills base at the moment to carry this through? Or do you think there need to be broader interventions specific to HS2, to ensure that we can get the project over the line with the right skillset? I absolutely agree with all the challenges you outlined, but, when drilling back to this project, how do we address those specifically in relation to HS2 and the cost implication of that?

Sir John Armitt: I have no knowledge of what HS2's detailed plans are, beyond the fact that I know they have the high-speed rail initiatives and high-speed rail relationships with different colleges. They are their own best judge of the resource they need in future. They have to work to ensure that the right resource is there. At the end of the day, it may be one of those where they turn to Government say, "We have not got enough resource in this country. We need to import some of this resource from overseas." We have always done that in the infrastructure industry in the past. Many people do not see it as an attractive place for their parents or their children to work. The industry has an image issue to offset. It is probably easier to get electricians and people like that than it is to get the people in the basic infrastructure sector.



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My attitude has always been that it is up to the people on the project to make sure they have the right resources, and they have to take action in accordance with their expectations. Don't go around blaming everyone else. If you can't get the labour you need, get out there and fix it in whatever way is necessary.

- Q47 **Shaun Bailey:** Absolutely. Sir John, surely there will be a price tag attached to finding people with this skillset. Feeding into the wider theme of financial management of the broader project, do you feel there is any way that HS2 can or should put some sort of definitive cost on that? Or will this be one of those things where we will never know the full financial impact of trying to obtain and acquire those skills?

Sir John Armitt: Nobody is going to tell you what the labour rate will be in 10 years' time. They probably can't tell you what it will be in five years' time. This is a market; the market will determine what has to be paid. We know that there will be significant infrastructure investment across a whole series of different sectors: the energy sector, particularly; the digital sector; and, of course, the rail sector. In some cases, they will all be competing for the same resource. Therefore, there will be an increase in demand. That will clearly put pressure on the rates.

It is impossible for Network Rail to know what they will be paying somebody in 10 years' time. They can make the assessments, which is why you have contingencies in your budget for those sorts of projects. Whether the contingency will prove to be sufficient, only time will tell.

- Q48 **Shaun Bailey:** That's great. Thank you, Sir John.

I will turn now to Mr Wakeman, because I want to look a bit more at the west midlands. One of the big successes of HS2 has been the focus on local procurement. I know companies in my constituency that have been engaged on some of the work on HS2. How can we take those local procurement models and apply them more broadly? From a cost-benefit perspective, do you have any information on what that has been? Anecdotally, costs seem to have been kept reasonably on a level, but I want to understand what that extrapolated impact of local procurement can really be.

Craig Wakeman: We have worked extremely hard in the region to try to maximise the opportunities for local businesses to engage in the HS2 procurement process. HS2 does an awful lot of work in "meet the buyer" events. Sir Mark touched on lessons learned, and Sir John just talked about skills; we can put these into categories where we can put them down as lessons learned as we move forward, because we can always do these things better.

When we first started the programme, we put together a whole support package with colleagues in Birmingham City Council, the local LEAs, local chambers and others, to see how we could maximise the engagement with HS2 and capitalise on it. I think we got out of the door something in the region of £50 million in business support and growth, and those are the sorts of things that we need to continue to look at doing. As I touched on



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earlier, there are something in the region of 400,000 sub-contract opportunities for the companies in the Area North, and we need to be looking at how we can continue to support them. I am sure you will be familiar with the scheme that we ran in the west midlands not too many years ago called AMSCI, the Advanced Manufacturing Supply Chain Initiative. That was run for us by Frontier Development Capital, as is now. Those are the sorts of things we need to be looking at moving forward, to help support businesses to be more engaged with HS2.

Sir John touched on the skills, as I mentioned previously. It is not just about the skills in the construction of HS2: it is about the skills within our supply chains as well, and looking to develop that core skill base. However, our review is a more long-term view, inasmuch as if we are looking to develop those businesses and grasp the opportunity of HS2, it is about what that leads to in future infrastructure projects and programmes, not just within the UK, but globally: looking at what opportunities that presents us with for business in the future, with high-speed rail being constructed in America and so on and so forth. We are going to be at the forefront of that technology.

Q49 Shaun Bailey: That's great, thank you, Mr Wakeman. I just want to touch on a point you raised, which you sort of expanded on but not massively, which is the challenges that business had faced when engaging with HS2 initially. What were those blockers that you had to try to unblock through those support mechanisms? It sounds as if that has been where a lot of the support has been targeted—unblocking things—so how has that manifested itself?

Craig Wakeman: If we look at public procurement per se, in general, it can be seen as very complicated and very difficult for businesses. Having been in the manufacturing sector for 20 years, I can fully appreciate that sometimes, you look at public procurement exercises and you think, "My goodness, how can I work my way through that?" With things like the requirements around HR policies, health and safety policies and so on and so forth, a lot of businesses look at this and think it is just too much for them, that it is too complicated for them—very similar, I suspect, to what was encountered by businesses looking to engage with the Olympics.

What we have tried to do, working with HS2, is look at how we can overcome those barriers by putting in support. However, one of the key things that we are more interested in doing is, if companies tender for a contract and they are unsuccessful, to help them understand why they weren't successful. That is where the true value of any review or feedback session comes from, with the business growth and support function. I was talking to HS2 about the Olympics, and what they did was if a company tendered and was unsuccessful, they then had feedback as to why they weren't successful. We could then bring in the business support functions to look at how to bridge those gaps.

We are talking with HS2, with Mark Thurston and Mike Lyons, about how we can now look to bring that to the fore. Ultimately, if I am in the private sector and I tender for something, regardless of size of contract, and I am



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unsuccessful, I need to know why I didn't get that and what steps I need to take to make sure that I have that within my businesses, so that next time, I am successful. We have worked on that with all of the local business support functions to invent that in all of the things we are doing.

- Q50 **Shaun Bailey:** Just in terms of your measure of success on that, how have you quantified your success in those interventions? Obviously, you have talked about working with business to understand where they have perhaps not gone right with their procurement, but how are you measuring that success? Is it the number of businesses that are being accepted for procurement, being used as suppliers? How are you monitoring and measuring that?

Craig Wakeman: We set a target of something in the region of 2,000 businesses supported to get HS2 contracts within our local region. We also put a target on the number of local people who would get jobs within the HS2 construction programme and wider afield, so those are tangible targets that we have put in place and are looking to continue to monitor, as well as looking at the number of jobs, as we have identified. We believe that there will be something in the region of 175,000 new or safeguarded jobs on the back of HS2, and we are obviously looking to secure as many of those as possible within the actual construction of HS2 itself. That can be a challenge at times, but again it picks up on the point about making sure we have the right skills and support put in place, which is something I believe needs to be in the lessons learned.

In some way, shape or form we need to take all of these and form some sort of national advisory panel to HS2 for future phases, so we pick up on the key challenges that Sir Mark has touched on through construction and learn from some of them. The challenges we face in phase 1 are going to be exactly the same as those in future phases. We need to make sure we are logging and cataloguing them, identifying how we addressed them and what we did to address them. That will help us shape how we construct future phases of HS2 in a far more streamlined and cost-effective way.

- Q51 **Shaun Bailey:** Can I make it very clear, Mr Wakeman, that is something that the WMCA has done off its own back and you have set up these interventions yourself? Obviously, you have partnered with other organisations to deliver this, but you have organically generated this yourselves. Nothing national has come down to you, and you have developed this.

Craig Wakeman: No, we didn't have anything national. When we wrote the first HS2 growth strategy in 2015, we looked at it as the railway will appear anyway, so what opportunities are we going to take, over and above building the railway, that will allow us to use this? So, all of this stuff was organically grown within the midlands.

- Q52 **Shaun Bailey:** Finally—you have touched on this but to delve a bit more—we know that the Mayor has his recovery strategy for the West Midlands. I know Mayor Street is passionate about that. In terms of leveraging HS2 into that recovery strategy, you have talked on the skills



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and on the jobs piece, but are you confident that that is going to align fully with that strategy? How are you ensuring the ripple effect that you talked about before is part of the broader recovery strategy for the west midlands post the pandemic?

Craig Wakeman: We constantly put a lot of effort into working with HS2 on the jobs and skills, ensuring that we are identifying every single opportunity as it comes through. We have a very expert skills team in the authority that is looking at various different initiatives to bring forward training and support, and to offer new skills to people who have been effected by the pandemic, so that they can engage with this project and to maximise the opportunity for them.

Similarly, a number of businesses have been hard hit. We are looking at how we can take that forward. At the moment, there is a business advisory board within the CA that is chaired by Mayor Street. We are now looking specifically at reforming an HS2 group around business support, which will be chaired by Coventry and Warwickshire growth hub, to help us look at how we can focus on those particular businesses, to make sure that post-pandemic we are maximising the opportunity that is presented to us.

Shaun Bailey: That's great. Thank you, Chair. No more questions from me.

Q53 **Chair:** Thank you, Mr Bailey.

Mr Wakeman, on the issue of jobs, you talk about creating local jobs, but the cynic in this Committee, which is most of us, have seen this promise before. We remember the Olympics, which was in my patch, where jobs were offered to local people but "local" just meant an address in the area. It did not necessarily mean somebody who was long-term unemployed or a young person in the area seeking their first job. How are you going to evaluate the actual outcomes and jobs and follow through to see what they contribute to the area?

Craig Wakeman: We faced the same problems as you had with the Olympics. It was, and has been, down to a postcode. The Mayor has put particular emphasis on local people and local jobs, so we are working with HS2 and some of the main works contractors to look at how we can create a blueprint for improving upon this. At times, we have been somewhat concerned where we hear about large numbers of new jobs being created, but, when we get to the point of recruiting them, they are actually very small numbers. We hear about 1,000 jobs and there might be 35 new jobs for local people. That is not acceptable to anybody.

Q54 **Chair:** That is a big differential. It didn't seem like you plucked those numbers completely from the air. Can you give us more detail about that?

Craig Wakeman: There is a particular area in the midlands where there is construction that we call a delta junction. When we started looking at this, a high number of new jobs were potentially being created, but only 35 jobs were offered up in the initial stages. Clearly, that is not acceptable, so



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now we are starting to work much more closely with HS2 and their main works contractors to delve deeper into that so that we can start to break it down to understand what jobs are coming forward and when, what numbers of jobs are coming forward and when, how long those jobs will be required, and the lead-in time to those jobs, so that we can start to build that understanding within the local authorities and the combined authority to make sure that we are preparing as many local people as we possibly can for those jobs.

I will not hide from the fact that it is a challenge. It is a challenge and something that we have worked extremely hard on. We will continue to push hard on HS2 to make sure that we get to where we need to be on these things, but I have to say that, as was mentioned earlier, you cannot turn an oil tanker, and sometimes it does feel like we are trying to turn an oil tanker. I think steps in the right direction are being made and that improvements are coming, but I am one of those people who always want things faster and believe that we can do things better. We will continue to work with Mark and his team to ensure that we do that.

Q55 Chair: We have HS2 in on Thursday, and that is one of the questions that we may well put to them. I will put them on warning about local jobs—not that all jobs need to be local, but when they are promised, they should be delivered.

Sir John, you have a very important role advising the Government about the national infrastructure strategy and making sure that it is able to deliver. We are hearing about some of the local challenges, particularly in the west midlands because of who we have before us. Do you think that the Government generally understand the challenges of delivering infrastructure? We have had a lot of broad-brush promises; it is a very easy thing for a politician, a Prime Minister or whoever to promise the earth, that it will all be fine, that they will level everything up and it will be great. Have you had the chance to have a conversation with the Prime Minister and tell him about how long this will take and what the pitfalls are?

Sir John Armitt: We need to go back to what we actually do. We identify the strategic direction that needs to be taken. If you take the roll-out of fibre, for example, we would say to the Government, "In order to meet the demands of the future, this is the rate at which you are going to need to roll out the full fibre programme across the country." We do not get into then saying to the Government, "This is how you should deliver it." If a private sector organisation is going to deliver it—in that case, Openreach or somebody like that—they will get on and do that. If it is a public sector organisation such as Highways England, they will get on and do it, and perhaps the Infrastructure Projects Authority, which is the other Government body that looks at delivery, may well get involved in the characteristics of delivering.

There is a general answer to your point, which is that policy by itself does not deliver things. The challenge always for Government, having got away from the big announcement, is "How are we going to deliver it; what



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format will the delivery take; what pressures do we as Government have to bring to bear; and what responsibility do we as a Government Department have to work with the private sector to make sure that the right programme is rolled out?" One of the biggest challenges that the country faces will be the transition of heat from a gas-based network to either heat pump or hydrogen, or probably a mixture of both. To do that in the period that is being forecast, which is ideally that we should be well on track for that by 2030, is going to require a massive delivery push.

I am always concerned, and we have expressed that concern, that at the end of the day, the Government are perhaps not as good as they need to be at putting it together and saying, "Well, this is where we need to get to by that date. Let's work back from there. What resources do we need? What do we need to do by when? What decisions do we need to make and by when in order to deliver that?" You could argue that net zero by 2050 is a fantastic target. What we all have to do now is work out how we are going to deliver that. It can only be done by the Government and the private sector working together.

If I may go back a moment to the business of labour resources, one benefit of a Government procurement contract is that you can say to your supplier and to your main contractors, "We expect X per cent. of the workforce to be people in training. We expect X per cent. of the workforce to come from the local community." A lot of this goes from principal contractors to sub-contractors. The guys who are actually at the sharp end of all this are not big companies. It tends to be the smaller ones who are actually providing the labour at the end of the day, and they need support from the bigger contractors to help them get these programmes together and make sure that the right resources are there.

To go back to what has just been said by Craig Wakeman, it is very, very difficult working your way through this between the LEPs, which have a role to play in this, the city authorities, which have a role to play in this, and the procuring agency, which is the client. The client is the driver for much of this, and that is HS2 in this respect. HS2 sets the standards, sets the goals, sets the parameters, and it has to drive those through using its procurement techniques where it can to place the onus on main contractors, but then you have to think about how the main contractor is going to interpret that through to the smaller contractors.

I would argue that you need a very open-book approach to and a very collaborative approach to this, and that is why the integrated project teams, which we talked about earlier, are absolutely essential to this, where the client is sitting down with the supply chain. You do not have to wait until the end of phase 1 to learn the lessons of it; you can still introduce some of those lessons as you work your way through phase 1 projects. If that means some adjustment to a contract, make the adjustment to the contract—contracts are not sacrosanct.

Q56 **Chair:** You do not go down to that detailed level. The Infrastructure and Projects Authority has a major role looking at individual projects—



Sir John Armitt: Absolutely.

Chair: —but usually when they are beginning to be under way. If you had three top tips for Government about managing the vast array of projects that Governments—not just this Government—promise lots of, what would they be? If you were one to one with the Prime Minister or with the relevant Secretary of State, what would your top tip be about managing long-term infrastructure development?

Sir John Armitt: It generally tends to be to get your governance right. If you do not get the governance right at the beginning, you will struggle, so spend time thinking about your governance structure and about putting the right governance with the right levels of responsibility in the right place. I would argue that by and large, Governments should stay out of things rather than meddle too much in things, and should try to use the private sector, which tends to be more efficient, more driven, and more incentivised to try to make a profit, and it will try to do its level best do to the best job it can to enable it to make that profit.

There needs to be a strong level of collaboration. You cannot deliver this all through the contract. You can put the right governance in place and get the right incentives in place, but the client has to stick with it—the Government are the client and the Government have to stick with it. You cannot just say, “We are going to do this; here’s the policy,” and then walk away. You have to stay with it.

Q57 **Chair:** So is governance your main recommendation?

Sir John Armitt: My main recommendation to Government in terms of delivering infrastructure projects is, “Spend time at the front end working out what you really want to do and the real outcome you want from this; do not rush into it; do not rush into letting the contracts too soon; try and get as much information as possible agreed; work with the communities that you are going to deal with; talk to the consumer at the end of the day.” As I say to my colleagues, we are not doing this for architects and engineers; we are doing it for the public, so engage the public, bring the public in, understand their reactions to these things, then you stand more chance of not making too much work for Sir Mark.

Q58 **Chair:** In your opinion, did HS2 follow those rules to the level that they should have done?

Sir John Armitt: It would be inappropriate for me to criticise HS2.

Q59 **Chair:** May I go back quickly to HS2 before I hand over to Sir Geoffrey Clifton-Brown on a slightly different subject? We have talked a lot about the west midlands. That is partly, I stress to anyone watching, because that is where a lot of the work is already going on because of the nature of the construction of HS2. That is one of the major stations, so there is a lot of work around that. What do you think a pipeline of core investment should be around the west midlands to support that? What does the integrated rail review need to deliver, and integrated transport generally? We have talked a lot around the subject of investment creating jobs and



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economic growth. In your experience, having dealt with so many big projects in your lifetime, what needs to be done to really have a chance of delivering those jobs and that long-term change that I think everybody wants to see in the west midlands?

Sir John Armitt: It is not the responsibility of the project to deliver the growth. The project is there to provide resource that should enable others to have the confidence to invest. The decision about what to invest in is not going to be made by the project. The project is there to provide an opportunity, and to provide confidence to people that the right transport infrastructure will be in place and that it will drive jobs in particular sectors.

However, as to what happens in the car industry, or the new nuclear industry or anything else that might be considered in the midlands, that is down to those industries—the people who believe in those industries; the people who think there is worthwhile investment—looking at that particular area, the midlands, and saying, “Has the midlands got the skills, is the midlands going to have the infrastructure, am I going to get support from local government to drive my business forward and is the education sector up for working with us to make sure that the right skills are in place?” If all those things are a reasonable “yes”—there will never be a perfect “yes”—then you will give confidence to people to invest.

Q60 **Chair:** But there is still a risk, isn't there, especially with covid and especially with Brexit, which are shocks to the economy that we still do not really know the outfall of, that even with the huge investment that is HS2 there is a danger that, a bit like the emperor's new clothes, we will have HS2 and that it will spawn this natural economic growth because people will want to invest, but actually it couldn't happen? Is there anything else you think might be necessary for Government to think about in terms of infrastructure? We are talking about the west midlands pointedly today, but generally—

Sir John Armitt: As I said at the beginning, I think the Government need to be sitting down with the west midlands and the midlands area—east midlands and west midlands—and sitting down with the leaders and with the businesses in those areas, and saying, “Right, how are we going to take maximum advantage in this area? What are your plans? How can we, as central Government, support you in those plans?”

Don't try to make those decisions for them. It is the responsibility of local leaders to come up with they think is right for their people—their voters—and to take responsibility for what they deliver to their voters in the local area. There has to be more devolution from the centre to local, but clearly local have to be convincing to the centre that the centre should release the funds and the authority because local have got good ideas in place, which they have worked through properly and can show that they really see the benefit.

Q61 **Chair:** That brings me to my final point before I hand over to Sir Geoffrey. There is a lot of talk about “levelling up”; I think that even you



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used the term in your earlier remarks. What do you really understand “levelling up” to be? You have been quite clear that you believe that devolution means money being devolved as well. Do you think there is a risk that, without that, the idea that we will actually grow the economy in other parts of the country isn’t going to happen?

Sir John Armitt: Yes, there is a real risk if you don’t devolve. You are believing then that the centre always knows best. How can the centre know what is best for Newcastle? How can the centre know what is best for Darlington? It cannot, nor should it. The people who are in those areas should be coming up with their own ideas. If they need extra financial support because they are not allowed to raise the money themselves in the way that they might have been 60 years ago—I mean, consecutive Governments have taken more and more power to the centre for the last 60 years—it is time that some of that power was released back, to give these communities the chance to stand on their own two feet and to make their own decisions.

Q62 **Chair:** Some of the money that is being released back is through various funds. There has been the towns fund, the high street fund, the levelling-up fund. I should stress that sometimes it is the same pot of money that is being reoffered. These are small pots of money for little projects. I am assuming, from what you are saying, that you mean proper money that can be really spent locally on big investments.

Sir John Armitt: I think that individual investments up to, say, £300 million or £500 million, for a particular scheme should be allowed to be made locally. With the very large schemes, clearly you will require some more Government intervention.

I think this Government are particularly fond of competition—for cities to compete against one another for those funds. There will be those who argue that we are spending a lot of money on the competition and therefore that is money that we haven’t got to spend on social care in the area. I mean, is competition the only way in which you decide these things, or should there be another way of doing it? Should people get five-year settlements? Should the north-west, the midlands and the north-east be treated like, say, Network Rail or Highways England and given five-year settlements against their objective needs?

Q63 **Chair:** You are posing that as a question, Sir John.

Sir John Armitt: I am.

Chair: Are you suggesting that as a way forward?

Sir John Armitt: We have advocated it as the NIC. We advocated it in 2018 and we have never had an answer from Government, if I can be blunt.

Chair: I think some of the Mayors might feel the same, and local authorities too. Thank you, that is very helpful. Over to Sir Geoffrey Clifton-Brown.



Q64 Sir Geoffrey Clifton-Brown: Sir John, one of the benefits of having you on our panel is that we can ask you about the job of your infrastructure commission more widely than just railways. Can I ask about priorities? Your commission will be looking at literally hundreds of billions of pounds of infrastructure spending over the next 25 years and looking at what the priorities and the sequencing ought to be.

The pandemic has shown us the huge benefit of a decent broadband infrastructure system. Should the Government just get on and spend the £5 billion to get us up to 85% gigabit broadband as quickly as possible? Surely, that would be one of the quickest ways to enable the economy to recover and to improve productivity.

Sir John Armitt: I agree with the gigabit roll-out. We advocated that Government should look at an outside-in investment. The key issue is what happens to the last 20%. Private sector companies will quite happily push out the 80% gigabit roll-out because they can see a market, and they will seek to roll that out as quickly as they physically can, within the constraints. There are always constraints on how fast they can roll it out.

The key question is where is the balance between that final 20%, which is going to be supported by Government through some sort of subsidy, with the private sector? That is where the focus needs to be if we are going to get the whole of this rolled out by say 2027-28, or 85% by 2025, which is the latest target.

I do not disagree with you at all. It is a relatively straightforward element of our infrastructure, compared with our energy systems or our transport systems. It is relatively low-tech. The bulk of the money is in digging trenches, not actually in the cable. It is also a sector where you can get some rapid wins, because it is relatively low-tech to actually create the opportunity to put the cable in the ground. That is one where I have a reasonable degree of confidence.

To your wider point, the Government invest fundamentally in road, rail and flood defence. Everything else is in the hands of the private sector. The biggest investments are in energy, and those are in the hands of the private sector. What they need is clear policy direction. It is probably the most difficult area. I believe energy is the most challenging area to get these policy decisions right.

The Government are initiating and supporting trials at the moment in hydrogen particularly, which could be a potential replacement for natural gas. It could play into the transport sector. They have also set targets for the roll-out of heat pumps. We have an even bigger problem, which is how do we bring the bulk of our housing stock up to an efficiency level where heat pumps really work. That is one of the biggest roll-out challenges of all, because you are asking to go into people's homes and start messing around with those homes. You are probably asking them to put up the money to do it as well. That continues to be a major challenge.

Decisions need to be made by the Government on what precisely we are going to do about the scale of nuclear going forward, which is another big



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decision. These are largely private sector investments, although you will not get any more nuclear power stations without some form of Government guarantee, because the private sector will not do it.

We have made all these points clear in our different recommendations. We are starting to work now on our next long-term forecast, in which we will be focusing on levelling up, to put it in its crudest terms, and how we actually improve the spread of the economy across the country, make sure that we meet our climate change challenges and deal with zero carbon. Those are the three big challenges that we are going to face.

Government at the moment allocate 1.2% of GDP to road, rail and flood. The rest is going to have to come largely from the private sector, with different degrees of Government subsidy. The regulators have a big role to play in this as well. We have said that the Government should give more direction to the regulator, because for the regulator to do his job effectively, he cannot just focus on cost to the consumer alone. You have to focus on the level of investment that is required, and try to find a sensible balance between enabling the private sector to invest and make a return and keeping things reasonably affordable for the consumer. The regulator has a big role to play in that, but we have recommended to the Government that they have to be clearer about the direction of policy that they expect the regulator to be following in his decisions with the private sector.

Q65 Sir Geoffrey Clifton-Brown: Representing a very rural constituency that has more of those harder-to-reach 5% properties than many, shouldn't we just go for 100% of fibre roll-out by 2025?

Sir John Armitt: To get to 100% by 2025 would be a very challenging target. Don't forget, it is not so long ago that the target was 2032. It was then, in a bold, ambitious statement, brought forward to 100% by 2025. That then got rolled back to 85%—not unreasonably, I think. My personal view on this is that if we could get to 100% by 2028, that would be a great achievement, but I agree with you that the Government need to decide really quickly where they are going to strike the balance in making its financial support available to the private sector, to encourage them to invest in the harder-to-reach rural areas.

Q66 Sir Geoffrey Clifton-Brown: Twice in today's session, you have elucidated the challenge of how we heat our housing. Housing emits about 18% of all carbon. Do you think that hydrogen technology on small plants to heat normal domestic dwellings will come on stream quickly enough to meet our 2030 target?

Sir John Armitt: No.

Q67 Sir Geoffrey Clifton-Brown: So how are we going to meet the target, then?

Sir John Armitt: The Government's current plan is to have completed a "virtual town" trial by 2030. In 2018, we said that we needed to be at that stage by about 2022 if we were going to have a chance of getting to 2030,

with the level of change that was required. I do not pretend that this is easy: I am not an expert on hydrogen or these things, and with every expert opinion that I seek, I find that I am led towards hydrogen or towards heat pumps.

There are those who say that the challenge is the storage of the hydrogen, how you are going to transport it in a compressed form, and how you are going to generate it in the first place. Are you going to use electrolysis? Are you going to rely on spare energy coming from our renewables system, or are you going to take a carbon capture and storage approach and have slightly bluer hydrogen, where you have created hydrogen from methane gas, and you have taken the CO₂ and put it back under the North sea? These are very big investments. Different oil companies are laying their bets in different areas, and it is a challenge for BEIS. I do not minimise the challenge that they have in trying to get to the right policy, but we do not have time to spare.

I personally would have liked to have seen a greater level of Government engagement with the private sector to try and get to these decisions sooner rather than later. In terms of infrastructure, 2050 is around the corner. This is our race to the moon, and we have to address it in that way, where it is all hands to the pump. We will have to take risks; we will get some decisions wrong. Not every decision is going to be right, and you could argue that one benefit of having the private sector involved in so much of this is that they are going to be sharing those risks. The challenge for Government is how much it puts in as its share of that risk, because it knows that at the end of the day, the private sector can only move at a speed that enables it to manage its own risks. We are not alone in this: Germany is putting in billions of support to try to get to an answer on hydrogen, and Britain is going to need to, if you like, not be left behind and finish up buying everything from other people. We need to be investing ourselves, both as a country and with the private sector.

Q68 Sir Geoffrey Clifton-Brown: Given the scale of the difficulties—and this is one of the most difficult problems for reaching our 2050 target—what recommendations are you making to the Government at the moment? They need to act with a degree of urgency, don't they?

Sir John Armitt: We made a series of recommendations to the Government in 2018. We now provide an annual monitoring report, where we report on the different recommendations we have made. The Government tend to agree with the vast majority of recommendations we make, in principle. It is then about the delivery, which is where the challenge is. The general point we make to the Government is that they need to move faster on the delivery, probably make some difficult decisions and risk getting some decisions wrong.

I am originally a contractor. You start by saying, "Where have I got to get to? What is the output that I have to achieve by a particular date?" I then work back from that and say, "What resources do I need to put in place? What investments do I need to put in place to give me a reasonable chance of getting to that completion date?" The Government has to apply



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that approach to its delivery thinking. It does not do it all itself; it has to sit down and reach agreements with the private sector as to how that can be done. At the end of the day, what am I trying to do, and by when? What financial resources do I need, and when do I need to make the critical stage-gate decisions to make sure I get there?

Chair: Thank you very much, Sir John, and I thank our other witnesses. Our witnesses today were Sir John Armitt, Craig Wakeman and Sir Mark Worthington. I thank you very much for your time. The transcript of this session will be up on the website, uncorrected, in the next couple of days. We are seeing witnesses from HS2 and the Department for Transport on Thursday. Obviously, aside from HS2, we are constantly looking at major projects across Government, so we really welcome your input into our thinking.