



Transport Committee

Oral evidence: [HS2: update](#), HC 793

Monday 17 November 2014

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Members present: Mrs Louise Ellman (Chair); Jason McCartney; Graham Stringer and Martin Vickers.

Questions 1-69

Witness: **Sir David Higgins**, Non-Executive Chair, HS2 Ltd, gave evidence

Q1 Chair: Good afternoon, everyone, and welcome to this afternoon's session of the Transport Select Committee. I am Louise Ellman. I am the Chair of the Committee. Today we are, unusually, outside of Westminster and I am very pleased that today during Parliament Week we are here in Manchester in the north-west. I would like to thank Manchester University for hosting this visit. Today's session is part of our ongoing inquiry into High Speed 2. This is an official meeting of the Transport Select Committee and the procedures of the Committee will be the same as the procedures operating when we have our sessions in the House of Commons. A transcript on today's proceedings will be published online by the end of the week. I would like to remind everybody here to put your phones on silent, please, if you have not already done that. I am going to ask the members of the Committee who are present today to indicate who they are.

Graham Stringer: Graham Stringer, Member of Parliament for Blackley and Broughton.

Martin Vickers: Martin Vickers, Member of Parliament for Cleethorpes.

Jason McCartney: Jason McCartney, Member of Parliament for Colne Valley, just over the Pennines.

Chair: Thank you. Sir David, would you like to introduce yourself and tell us who you are?

Sir David Higgins: Sir David Higgins, Chairman of HS2.

Q2 Chair: Thank you. Sir David, when you gave evidence to the Committee in March, you told us that you thought that the biggest risk to High Speed 2 was time. Time could mean delay. Time could mean changes that added expenditure. Could you tell us what has happened? Have there been any delays that you did not anticipate?

Sir David Higgins: I think we have made good progress in the Committee stages. We have had around 35 or 36 petitions heard and around the same number that have been negotiated prior to going to Committee, which is certainly what we would seek to do in most cases. I am pleased with the way that our team are engaging with the Committee so far. There is obviously still a lot more petitions to be heard, but that has certainly gone well. Since the last time I appeared here, of course, we have had the Second Reading, which was a strong endorsement, and continued a lot of consultation and engagement with various political bodies along the route and particularly in the northern region over recent months.

Q3 Chair: You do not anticipate any delays in the timetable as we currently understand it?

Sir David Higgins: We are still forecasting Royal Assent by the end of 2016, which would allow construction to start 2017.

Q4 Chair: In your recent report, Sir David, you have suggested some changes. You have reaffirmed your view about Crewe and you have dismissed a suggestion of Stoke-on-Trent as a hub. You have spoken about Crewe being a hub and to be brought forward. You have also spoken about Meadowhall instead of Sheffield city centre for a station. What kinds of discussions have you had with Ministers? Do they agree with these suggestions?

Sir David Higgins: Well, of course, in the end mine is only a recommendation. The final decision is for Ministers to take. Already the Government have gone out on consultation on reserving the route to Crewe, but I think the decision on the final route and the second stage is at least a year away. Certainly, Ministers and the Secretary of State have visited quite extensively in a number of cities affected, and I have certainly had time to do that. I think the main thing that the report did is come back and restate the case for the “Y” and the importance that the “Y” is really the only strategic intervention that satisfies both the capacity and the connectivity requirements that High Speed 2 seeks to achieve.

Q5 Chair: When you came in front of this Committee last time, we reaffirmed our belief that there should be benefit to the north as quickly as possible. You did say to us then that in phase 2 there was no reason why building could not start from the north. Have you done any more work on that and what could you tell us about that now?

Sir David Higgins: Well, in my first report, which came out in early April, I put forward the proposal to go to Crewe by 2027, which would be some six years earlier than the current proposal to deliver Crewe as part of phase 2. That brings benefits to all stations north of that. It brings quicker journeys to Liverpool, Preston, Glasgow and Manchester. I still believe that is the case. It does depend on the parliamentary process, of course, and custom has it that we cannot really have two Hybrid Bills in the Commons at the same time. It is up to the Government now to decide how to do phase 2 from a legislative point of view, whether they want to separate Crewe out as a Bill 2A and then have a 2B, or do it as a complete Bill in phase 2. Yes, benefits can be delivered to the north sooner and it very much depends on the parliamentary process and decisions of Government.

Q6 Chair: If you aim to open the line to Crewe by 2027, when would the Royal Assent for phase 2 have to be achieved?

Sir David Higgins: If Royal Assent for phase 1 is 2016, then Royal Assent for phase 2 would be 2018 or 2019—2A as we call it—and then for the second phase currently the planning has always been 2021 for Royal Assent for that. There is certainly time for phase 2, and doing a phase 2A to Crewe would not delay a Bill for phase 2 and the timing for that for Royal Assent. That has always been planned around the end of 2021.

Q7 Chair: I would like to ask you a little more about the plans for Crewe as a major hub and just how that can be achieved in the timescale. Have you discussed with Ministers how this could be done? Ministers have already said, I understand, that Crewe cannot be added to the current Bill that has been already approved by Parliament. Does it need a separate Bill for Crewe or does it need until the whole of phase 2 is agreed? What are the procedures there?

Sir David Higgins: Yes, it cannot be added to the phase 1 Bill. It would have to be a separate Bill and the decision to be made is whether that is a separate Bill just to Crewe, which I think is probably the most practical way of doing it. Ultimately, that is a decision for Ministers, separating that out from the phase 2 work. It is a relatively straightforward stretch of railway, so I should not think it would be a very complicated bit of legislation to prepare.

Q8 Chair: Have Ministers told you that they are going to do that?

Sir David Higgins: What they have done is they have decided to consult now on the route to Crewe, which would mean that a decision on preserving that route could be made prior to Parliament rising if that is how Ministers choose to go. But they have taken the first step, which is to start the consultation process.

Q9 Chair: In relation to building from the north, what else could be done apart from building the Crewe hub earlier than anticipated? What other building could start from the north when we are looking at phase 2?

Sir David Higgins: I think the most important thing is it is obviously an issue that this Select Committee has championed for quite a while. If there is a transport strategy that addresses the broader benefits that come from High Speed 2 and now connecting with the east-west connectivity, then many other investments can be put in part of that overall plan. We already have electrification under way from Liverpool to Wigan and Liverpool to Manchester—the Northern Hub—of course, but there can be other improvements in rolling stock. There can be freight improvements. There can be work done around the main stations in both Leeds and Manchester anticipating HS2. There is much that can be done provided we have an overall strategy so we know how High Speed 2 fits into that.

Q10 Chair: But that is not HS2, is it? That is about other developments that we would like to see going along at the same time. We will come on to questions on that, but you did say to us before that building could start from north to south and it would not all have to be from the south going up to the north. What else could be done in relation to HS2 itself?

Sir David Higgins: What could be done in relation to HS2 is, first, the work to Crewe, but secondly, in the end, if we are clear on the final route into Manchester and Leeds, then significant work could be done on planning those stations now. For example, in the case of Leeds, all of our work shows that Leeds station is at or near capacity and will certainly be over capacity within 20 years. Therefore, work could be planned to start on Leeds station,

enabling it to have the High Speed 2 station as and when it is finished, and the same on Piccadilly.

Q11 Chair: It is work on stations rather than on the line itself?

Sir David Higgins: Correct. It is particularly work on stations that could happen. The work on the line itself, clearly we would need legislation for compulsory purchase of land prior to acquisition of land. They would not have approval from the Government or from Treasury to carry out that work without the power of the Royal Assent.

Q12 Chair: You have also referred to extending high-speed rail to Scotland. Who commissioned the work? You said that work had been undertaken on that. Can you bring us up to date on that?

Sir David Higgins: The Department commissioned work a while ago to look at the options of bringing high-speed rail or enhancements north and will be producing an interim report by the end of this year for the Department. I think that will lead to further work to be done on that. We are certainly consulting with Transport Scotland prior to that report being lodged with the Department at the end of this year.

Q13 Chair: You expect it to be published by the end of the year?

Sir David Higgins: I suppose it is up to the Department, really. I think it will show work in progress. There will be a range of options, from ambitious schemes of an entirely new high-speed network or probably the more realistic ones, ones of upgrades and the staging of that. I think that will require a fair bit of discussion with the Scottish Administration and with Transport Scotland to make sure that the options put forward are supported.

Q14 Chair: You have also said to us, and I am quoting here, “We haven’t always been as clear as we ought to have been in setting out the strategic case for HS2.” Do you think that that is still the case? What harm do you think has been done, what damage do you think has been done by not setting out that case clearly?

Sir David Higgins: I did say that. In fact, I said it in the introduction at the front of this most recent report. It is a case of gaining public confidence and gaining the confidence of the Houses of Parliament. I am not sure we were clear enough in the role that the new network provides capacity. It is a bit of a circular discussion because a railway line where trains travel at 220 miles an hour as opposed to 120 miles an hour clearly has nearly twice the capacity because you can have twice as many trains on it. Once we started talking about capacity, then people started to get it. When the focus was on saving 20 minutes for a trip to Birmingham, people said, “Is that really the whole reason they are building it?” Of course, it was not the reason. Connectivity, of course, in the north is necessary. Birmingham to Leeds is two hours and a very poor service. I came up on the train today. I think it was about two and a half hours. There was some problem on the line; I think there was a trespasser or something like that. A bit over one hour London to Manchester is going to be transformative to business in Manchester. Speed is a big part of it, but capacity and connectivity is bigger.

Q15 Chair: What work is being done to bring benefit of the high-speed development to the north as well as other parts of the country, not just in relation to building the line and train times, in relation to skills training, to employment opportunities, to business development, to

regeneration? We have discussed these issues before and this Committee has always seen that part of the project as being absolutely essential. What is being done now to make that a reality?

Sir David Higgins: Well, of course, we have announced that the High Speed 2 phase 1 construction will be run out of Birmingham. We have taken a lease in Snow Hill and we will be basing hundreds of engineers and designers out of Birmingham once we occupy that in the new year. There is, of course, the college that has been announced: the combination between Doncaster and Birmingham. That will be taking in first students in 2017—the academic year starting 2017. We have set out our ambitions on apprentices and we have started the process of engagement with the supply chains in a major conference here in Manchester last month and another one in London. Substantial work has started on getting the industry aware of what standards we will set and ambitions for training and skilling already.

Q16 Chair: You have also made a lot of references to the importance of improving connectivity east-west across the north. There is a little confusion here and the Chancellor of the Exchequer made a statement about what he called High Speed 3. One North has now published proposals or ideas about improving road and rail connectivity. It is unclear if these are the same things or if these are ideas or firm propositions. Can you clarify for us exactly where you are?

Sir David Higgins: I will try to. What I think has been a huge progress in the last six to nine months is that across the Pennines, the M62 and up to Newcastle, political leaders and the LEPs have come together to set out their vision of what transport can do. If you think about it, the skills we are going to need in future of designing and delivering this high-speed network and upgrading the existing national network are extensive, and cities as we are here in Manchester with its extensive and staged tram network shows the expertise that live in the cities of the north. What has happened is that the One North document was a collection of five cities, plus consultation of the other cities that make up the M62 and Newcastle and the Newcastle region, of what their priorities were. There have to be priorities. It has to be both rail and major road and it has to be freight and passengers. It has to be a transport strategy and the priorities of what the region wants first. It will vary from the freight bottlenecks through to the major upgrades that are required on the motorways. High Speed 3 is a very interesting name that people have jumped on to. That is surely only one section of what must be a broader east-west corridor for freight and passenger.

Q17 Chair: In some of these statements, Liverpool somehow has not been mentioned and neither has Hull. Now, what should we read into those omissions?

Sir David Higgins: Well, you should certainly consider it as the whole M62 corridor because one of the biggest challenges that we face is freight, and so much of the freight goes on the M62 motorway. That is reducing capacity; therefore, they need to get that freight on to the rail network and improve the bottlenecks. A lot of them start and there are huge challenges. The big investment that is going into the port in Liverpool, we have to work out how we improve the freight access to that as well as the electrification that has already started, as I said, earlier on. We all know what Hull's desire is, the Hull-Selby Line, on the electrification of that. That is clearly something that should be considered by what will now be Transport for the North. All those priorities need to be considered by

that political grouping, set their priorities, come back to central Government and have a strong say in how money is allocated.

Q18 Martin Vickers: I am pleased to hear you talking about a broader east-west corridor, Sir David. The Government have identified the Humber Estuary as their renewable cluster and a potential magnet for economic growth. I have been a consistent supporter of HS2, but I have to tell you it is a hard sell when you represent northern Lincolnshire despite the words that we hear from you and others. How can you put over to someone in northern Lincolnshire the benefits to them? Again, we are talking about Hull; in actual fact, the south Trans-Pennine corridor also needs upgrades.

Sir David Higgins: Yes. We can only communicate to people in Hull and Lincoln if we explain HS2 as part of a bigger strategy. We have to explain why it fits into east-west and why connectivity in rail will benefit from the substantial increase in capacity and relief that will be provided to the current East Coast line by the eastern leg of the “Y”. It has to be put in the context of a broader strategy otherwise people will never understand why they will benefit despite not being right on the line itself.

Q19 Martin Vickers: Would you also agree that it would be beneficial if many of the documents that are produced instead of talking about five city regions actually included the Humber City region in them?

Sir David Higgins: Well, certainly, Transport for the North will include the entire M62 corridor, so it will include Hull, Liverpool and, critically, Newcastle. Certainly, that is the plan and I know that the political leaders have said they want to have that as a broad group covering both highways authorities as well as the LEPs, which I think is a good step forward.

Q20 Graham Stringer: I do not want to appear to be critical because I think you have done an extremely good job in speeding up the process of delivery, but the project is still slow by international standards, isn't it, building this much high-speed line and getting trains to run on them? What is the bottleneck? What could Parliament do to speed up the process of getting HS2 delivered?

Sir David Higgins: You are absolutely right and part of my report looks at international best practice. I think we can learn an enormous amount from that. What we have seen, particularly in the continent—and, of course, they have a long history of building high-speed lines, particularly in France but also in Italy and Spain—they do a lot of work upfront. They plan. The Tours-Bordeaux line—which is the same length, 300 kilometres, as phase 2—they have completed all the civil works within two years, which is from our reckoning pretty extraordinary. They did a lot of work on the design. They led it, actually, as a 40-year concession and, therefore, it was very clear what the scope of the project was and what the decision making was and it was quite clear how financial decisions were delegated within that structure. We intend to study those strongly. I expect to see a report by mid next year on all the benefits, not only from Europe but I think we also need to look at what has been learnt from the extensive networks being built in China as well, and then be able to come back to the Government and Treasury and say, “This is the benefit”. We will probably find the cost of putting a cubic metre of concrete in France is the same as in England. I think it is everything above that where the costs start to balloon. I do not think we can also hide behind the idea that our country is much more densely populated than

France, which it is. I think the corridors that we will be able to hopefully get within the Bill will allow sufficient land to carry out the logistics provided we plan it properly.

Q21 Graham Stringer: You are optimistic that the delivery date could be brought forward. Is there anything specifically that Ministers or Parliament could do to help you bring that date forward?

Sir David Higgins: Well, I think much will be dependent on cash flow if I am being very honest about it. We have a negotiation in June/July of next year, 2015, for the period that will eventually take cash commitments out to 2025. Therefore, it really depends on the availability of public expenditure. That may well be a constraint on how quickly we build it. If you look at the project in France, it is privately financed.

Q22 Graham Stringer: How much have you spent so far?

Sir David Higgins: We are spending around £230 million this year. Total amount of money that can be spent prior to Royal Assent under the Paving Bill is £1 billion, but we are nowhere near either committed to that or expended to that.

Q23 Graham Stringer: Right. Can I talk about some of the potential objections to it, because obviously the more one reduces the objections the better? When I speak to my colleagues from Stoke and the South Midlands, they are very concerned that the line is not going that way and they are working up a head of steam to object to it. Is it true that if and when High Speed 2 is running there will be only one direct connection a day between Stoke and London, which is what they have been told?

Sir David Higgins: No, that is not my understanding. If you look today, there are two Pendolino services an hour plus a third service that is not the Pendolino every hour. That is an extensive service. There is no indication that those two services will drop. In fact, when I met with Stoke a few weeks back I did explain the reasons why I would continue to confirm the route through Crewe as a recommendation, which was the route that was out for consulting some 18 months ago in the first place, because Crewe is a major interchange for north Wales and Shrewsbury and the north-west as well. It is a natural place for a rail interchange. I did put forward the idea that a High Speed 2 train could start in Stockport and pick up Macclesfield and Stoke and come on to the high-speed line at Handsacre. There is a spare slot and I thought it would be a good hourly service, which could pick up a high-speed service here. There is no plan to reduce services and I think that is an option that Stoke should consider because it would be very attractive and there would be a good strong market coming from Stockport and Macclesfield.

Q24 Graham Stringer: That certainly needs publicising because my parliamentary colleagues do not seem to have had that communicated to them very well. When I was partly responsible for building the second runway at Manchester Airport—if you put two miles of concrete down then you were doing some environmental damage, there is no doubt about that—we were able to increase the number of ponds that had great crested newts about and improve the river for fish and kingfishers, and one could go on. At the end of it, there was more biomass and more biodiversity. I have had people write to me and say that you have been a bit cavalier with the improvement and the protection of nature along the line. What is your response to that?

Sir David Higgins: I think there has been an enormous amount of work. If you think of the Hybrid Bill, in many ways it is a planning application. It brings powers of budget and compulsory purchases of land, but it is a 50,000-page extensive document that goes into, in enormous detail, the environmental protection. Then how that is carried out, I think there are many ways to enhance it and to work within the provisions we will have within the Bill, for example, of how we try to have the areas of restored woodlands more contiguous, of how we look to preserve farmland. I think there are areas of how we can enhance that, but certainly the work that has been carried out and the experts we have on board are all looking to see that we can enhance the land that is released once High Speed 2 is constructed.

Q25 Graham Stringer: I am pleased you have chosen the route via Manchester Airport, but the alternative route down the Mersey Valley you say will not stand the test of time. What does that mean?

Sir David Higgins: You could save, let us say, a couple of hundred million pounds by coming in through on the Mersey Canal. It does have some environmental challenges, but you would have to say Manchester Airport is the only two-runway airport in the middle of England and the north. It really is the international airport for anyone that lives in the middle of the UK. Therefore, not to have it connected to the high-speed network to me seems very short-sighted. If you talk to people in Sheffield or as far across from Doncaster, they all say, “We want to know that we can get connectivity across to Manchester Airport” and building a line that does not go to the airport seems silly. This high-speed line will, of course, connect both Manchester and Birmingham and then, of course, through Old Oak Common through to Heathrow.

Q26 Graham Stringer: Yes, I agree with that. A final question: when will the first high-speed train go into the centre of Manchester and when will the first high-speed train go into the centre of Manchester on high-speed lines?

Sir David Higgins: Well, the first high-speed train will go into the centre of Manchester in 2027, which is when the first phase will open, and that will be going via the line to Handsacre and then it will be coming up through Macclesfield. Or if Crewe opened in 2027, you will have trains going in both directions, actually. Then the final line, at the moment it was originally 2033. We have said we could bring that forward, so it really depends on planning for phase 2. It is certainly 2033 if not earlier for the centre of Manchester with a brand new line.

Q27 Chair: Will high-speed trains go directly to Liverpool?

Sir David Higgins: Yes, they will.

Q28 Chair: Directly on high-speed lines?

Sir David Higgins: Yes, they will, correct. No, sorry, a high-speed train will go directly to Liverpool. Of course, the last stretch of line will not be a high-speed line to Liverpool from the West Coast Line, from Crewe, but it still will be a high-speed train.

Q29 Chair: Is consideration still being given to having a high-speed line for the high-speed train to go directly into Liverpool?

Sir David Higgins: We are not putting that forward to Government at the moment. We are looking at what happens north of Crewe to the junction approaching Runcorn and seeing what plans there are to upgrade that and seeing how those would work. We have not put a submission to Government to put a brand new high-speed line into Liverpool. I know there has been a lot of work done and the issue with that is it has to be considered as part of the freight challenges as well. If that is purely a high-speed rail line in there, it has some impacts of a considerable nature on the freight capacity as well. We have to consider the freight lines in through that corridor as well.

Q30 Chair: Is that an ongoing consideration, looking at freight needs and high-speed access?

Sir David Higgins: We are certainly looking at all that now, yes.

Q31 Chair: It is ongoing; it is not closed?

Sir David Higgins: No, it is not closed. We are certainly looking at the freight. The freight challenges are probably the bigger challenges, dealing with Liverpool, because with the new port expansions and the connection through there, we have to look at how that works, and also the capacity of the Warrington corridor as well.

Q32 Jason McCartney: Sir David, have you ever been on a Pacer train operated by Northern Rail?

Sir David Higgins: I have, yes.

Q33 Jason McCartney: How big a challenge do you think it is, then, to win the hearts and minds of my constituents and many other thousands of people that have to commute to work every day on trains like that when we are talking about £250 million of expenditure already on this project this year? How big a challenge do you see that?

Sir David Higgins: The point I have been seeking to make over the last six months is that the north has to have the same political voice when it comes to the allocation of public money, particularly for rail, that the south has. I think I have made the case that there has been a distortion of public investment in London; necessary in London, I do not dispute that, but London is well planned. They have all their future projects from Crossrail to whatever stacked up in a queue. The north needs the same political voice to be able to counter that and make the case. I fully understand the capacity constraints and the rolling stock. I think everyone recognises that improvements need to be made, but having a single unified voice that speaks to Government and has the skill base that sits in the major cities of the north will be a big improvement.

Q34 Jason McCartney: Do you think that argument can be won, though, because of that lack of investment? Because commuters in the north are just saying, “Well, what are we, 2027 before the first high-speed rail? That is another decade plus of underinvestment, crowded trains, 30 year-old rolling stock”.

Sir David Higgins: Which is the big thing about east-west corridor: much of it does not need a Hybrid Bill and, therefore, investment can be made in rolling stock or electrification or existing line upgrade without waiting for a process through Parliament that can take five or six years from start to Royal Assent.

Q35 Jason McCartney: Hearts and minds can be won when they see there are tangible benefits to their family directly. I spoke at a meeting with you last week at the Doncaster College. It is nice to know now we have 2017 as the first students starting there.

Sir David Higgins: Yes, correct.

Jason McCartney: The parents and grandparents of students there will start to feel a tangible benefit. Can I just tie you down on some other specific dates? We talked about the Leeds and the Sheffield station. If everything goes well, when would you anticipate the first bit of preparatory works taking place either at Leeds or the Sheffield station projects?

Sir David Higgins: Royal Assent 2021 or, probably more importantly, final decision on the route, let us say final decision is 2016, consultation coming into 2016, final decision end of 2016, start the preparation of the Hybrid Bill in 2017-2018, submission 2019. When could work start? Certainly, it could start with Royal Assent in 2021, but having made the decision on where the stations are, you would expect that other investment could happen in anticipation of that once the final decision is made on the route, so exactly how it approaches Leeds, the final decision on Meadowhall or, for that matter, in the East Midlands.

Q36 Jason McCartney: Just to clarify, you would be looking at what, 2020, 2021?

Sir David Higgins: 2021 would be Royal Assent. That is the current plan for phase 2 and, therefore, expenditure in earnest could start, but if the decision is made earlier—it has to be, of course, because of the time it takes to prepare the Bill for submission to Parliament—then at least when the route has been consulted on and designated, then that would hopefully spur on investment.

Q37 Jason McCartney: What specific discussions have you had, say, with the Leeds City Region LEP or the Sheffield LEP about timescales they are working towards?

Sir David Higgins: Well, I am up in Leeds tomorrow.

Q38 Jason McCartney: Okay. Do they agree with those timescales?

Sir David Higgins: I am talking to West Yorkshire tomorrow and that will hopefully draw in many of the areas in greater Yorkshire, including York as well.

Q39 Jason McCartney: When would you expect, again if everything goes really well, to see the first piece of track laid, say, in West Yorkshire, once the Crewe station is completed in 2027?

Sir David Higgins: West Yorkshire—I suppose the first track depends on how quickly it takes to build the formation, doesn't it? As I said, the example we have seen in Europe is that the 65 million cubic metres of cut and fill earthworks, which is the same quantity required on phase 2, was completed on the French route in two years. We were thinking it would take more like five years. If we can plan properly and we have time to plan, then we can certainly accelerate phase 2, which, as I said in my report back in April this year, there was a chance to bring phase 2 forward.

Q40 Jason McCartney: What is your most optimistic date again? I want to tie you down to most optimistic.

Sir David Higgins: On track, well, I suppose you obviously have to get Royal Assent. You then have to clear land, put formation down, so that is 2024, probably 2025.

Q41 Jason McCartney: Okay. On the Select Committee, we went through the Crossrail tunnels about six months ago, an amazing feat of engineering, amazing investment. As a result of that, the Crossrail project got in touch with me and let me know that in my local council area of Kirklees there are 17 contractors that are involved in the supply chain, which for me as a local MP allows me to win hearts and minds and let people know. What are you doing on that side of things again? You have talked about some of the sessions that you have had here in Manchester. What more can you do to get companies based in Manchester, Leeds, Huddersfield—where I am from—and Sheffield, into a similar position, and have you set yourself a target about what percentage of the subcontractors would be from certain particular areas, maybe in Yorkshire or in Manchester?

Sir David Higgins: Certainly, the experience of both Crossrail and the Olympics was something like between 95% and 98% of all work is UK based. It is a huge opportunity and, as in those projects, it was widely distributed across the country. We had a huge conference up here for about 700 people only a few weeks ago to start with the supply chain. We will also be using the internet system set up, CompeteFor, which was set up initially on the Olympics, which encourages small businesses to register so they can apply to that.

In terms of skills, we will absolutely piggyback off the experience of Crossrail. Terry Morgan, of course, chair of Crossrail, is chair of the new college, the Doncaster Birmingham college. I am delighted with that because he brings huge experience and a great passion for skills.

Q42 Jason McCartney: You talked about a target there for the Olympics. What was the figure for the Olympic Games?

Sir David Higgins: It was about 98% was UK sourced.

Q43 Jason McCartney: Can we expect 98% now? Are you going to make a similar commitment on HS2?

Sir David Higgins: In the end it is really for UK business to get match ready. I will encourage UK contractors to learn from international best practice. There is no doubt there is a lot of research that these big international—particularly the European—companies have done in new techniques of construction, which bring efficiencies. As we have seen on the big road bridges in the Mersey Crossing and also on the Forth, these are consortiums and they bring in international expertise but it then lands here and UK companies benefit from that.

Q44 Jason McCartney: Would you support a 98% target?

Sir David Higgins: Of course, yes.

Q45 Martin Vickers: Obviously, most of your contact, Sir David, is with existing Ministers, but we are talking about a project that will stretch over two, three, maybe even four general elections. How rock solid do you think the support is from all of the political parties?

Sir David Higgins: I think we have had enormous bipartisan support. You need to remember this is a project that was started by Labour. Andrew Adonis is the person whose vision this was and led it through the previous Administration. We have had very, very strong support in the Second Reading—over 440 votes in Parliament for it. It was very much bipartisan support. We have certainly spent extensive time listening to and briefing both Opposition and Government but, probably more importantly now, a lot of work has gone into locally elected councils to make sure they understand and support it. I think that is going to help stand the test of time because there is this strong northern support. Cities now are fighting over high-speed stations. Everyone north of London, probably north of Buckinghamshire if I am honest, sees huge benefit in what is happening and wants this to be quicker and to benefit their cities. We need to spend a lot of time on that, so I am on the road quite a bit. As I said, tomorrow I am up in Leeds to talk to all the cities in that area there to make sure we continue to get that support rather than just that of the leaders of individual cities themselves.

Q46 Martin Vickers: In reply to Mr McCartney a few minutes ago, you were talking about companies coming together and learning from European experience, of course, but we would all like to see British-based companies get the lion's share of the contracts. Many of my constituents work at the Scunthorpe steelworks, whose future is being debated, shall we put it like that, at the moment. I was there last week and there is obviously concern about the uncertainty. Of course, one of their main products is rail track. Will you be doing everything possible to ensure that British-based companies do, indeed, get the lion's share?

Sir David Higgins: In that particular case, I am sure you are aware that Network Rail—I was there at the time—led an extensive contract there and that is a fabulous plant in terms of its investment. We did the same with the big sleeper factory as well. Yes, it is very much a case of bringing in expertise to build facilities like that. There is no reason whatsoever that everything from particularly rail and heavy aggregates cannot be developed here, but the key also is the technical side. Hitachi basing their operations globally out of the UK is a great vote of confidence, and the job support to the north-east has been very encouraging.

Q47 Chair: How much funding would have been committed or spent by the time of the next general election on the HS2 project?

Sir David Higgins: Can I write to you on the exact numbers rather than give you something off the top of my head on both the amount forecast to be spent and the amount forecast to be committed as well?

Q48 Chair: Is your feeling, going around the country, talking to local authorities and to businesses, that there is now more widespread support for this?

Sir David Higgins: I think it has changed substantially in the last nine to 12 months. I saw 12 months ago a fragmented coalition, particularly on the eastern leg of the "Y", particularly around Leeds down through Sheffield. Now I see that as really very strong. Keith Wakefield has worked very closely with Sir Richard Leese in pulling together the east-west. It is no longer a case of Manchester versus Leeds. They are a very strongly united group there. The greater Leeds area is strongly supportive of it. I am seeing Peter Box tomorrow. He is from Wakefield but in his broader role he is supportive of it as well. I think there has been a much stronger political alliance to make the case for HS2 phase 2.

Q49 Jason McCartney: Do you think coining the phrase “HS3” for this increased connectivity, speed and capacity for the link from Hull to Liverpool is a help or a hindrance to the HS2 project?

Sir David Higgins: Well, I cannot claim that I coined it. I did not come up with the idea at all. I just suggested that we needed to look at east-west; that doing the “Y” was not going to be sufficient. It was not going to bring the benefits of connectivity that was required. It was not my idea of HS3; that came from the Government, of course, and I think the Chancellor in particular. It has captured people’s imagination, so much so that people have said, “Let us just have HS3”. I needed to make the point that HS3 without phase 2 of HS2 does not achieve the connectivity—particularly with Birmingham and the other cities of Nottingham and Sheffield—that is required. We cannot get distracted and think it is just HS3 because it is a much broader issue that needs to be addressed.

Q50 Graham Stringer: How often do you meet Ministers?

Sir David Higgins: Pretty regularly. In fact, this Thursday I am going to a conference. The Independent Transport Commission issued a fabulous report on lessons from Europe of what high-speed rail has done to economic growth of cities. I am there with the Secretary of State, and then I think he is coming down with other Ministers to visit Canary Wharf to see progress on the resourcing of the teams down there. I met with Mary Creagh only four weeks ago. I am looking forward to meeting with the new shadow Secretary of State.

Q51 Graham Stringer: Weekly, monthly?

Sir David Higgins: Monthly, certainly.

Q52 Graham Stringer: Monthly. How often do you meet officials without Ministers from the Treasury and the Department for Transport?

Sir David Higgins: I meet them regularly. For example, this Thursday I have our HS2 board so that always has an official from the Department there. Next week I have what is called the tripartite board, which combines the Department, Network Rail and ourselves, and that meets monthly as well. We have numerous governance bodies. I am attending a major projects review group, which is a Treasury-based review group, which is doing a two-week intensive review of HS2 within the next month to vet all the controls on the project. I will appear before that committee, which will be chaired by a permanent secretary from Treasury.

Q53 Graham Stringer: As you said in answer to a previous question, this was a project that was very definitely politically driven by Andrew Adonis originally and the current Chancellor of the Exchequer and various Conservative Secretaries of State who have embraced it enthusiastically. Initially, that was not the case with officials in both the Treasury and the Department for Transport. They were close to apoplexy, I suspect, at the start of this project. Is there still resistance from officials to the project?

Sir David Higgins: While I was not involved with the project at the time that you refer to, I have had nothing but support certainly from the permanent secretary and the Department. We have strong support with the officials they have allocated to the project within Treasury. We have had open engagement in the preparation of this document here. I chaired the steering committee every two weeks over a period of three months, and that

had at least one if not two Treasury officials that sat on that working committee that I chaired. I wanted to have a very open relationship with the Treasury so that there were no surprises on where I saw the risks or the funding requirements.

Q54 Graham Stringer: The Department for Transport has not covered itself in glory with the railways over the last two or three years with the fiasco on the West Coast Main Line. Is there sufficient expertise, competence and numbers within the Department now to deal with this project?

Sir David Higgins: I think we should look broader than the Department itself because—

Graham Stringer: Well, can we just deal with the Department first?

Sir David Higgins: All right. Well, they have a huge programme on their case. Certainly, HS2 I think is fairly well resourced within the Department and with the experienced people that we can work with. I know they, along with HS2, will grow in maturity and expertise over the next two years during the Bill phase, and I know they are looking at continuing to recruit experienced people, as we are. Treasury clearly will not release further delegation until they are comfortable that there is sufficient experience both within HS2 and within the Department. This review we go through in two weeks' time with the Treasury both vets our capability in governance systems as well as the Department's. I would also say we should look to the expertise that sits here in Manchester and across in Leeds in transport. There is a lot of expertise that the Department will draw on as they look to prepare a report for March on east-west. Of course, that will involve Network Rail very heavily as well.

Q55 Graham Stringer: I obviously agree with that, but I want you to be absolutely precise and clear that you are satisfied both with the quality and quantity and the capacity of officials within the Department for Transport to carry through this project over the coming years, the next two or three years.

Sir David Higgins: Well, certainly, the people that I work with on a day-to-day basis, the person who is now working on the east-west connectivity report, I have worked with him way back at the start of the Olympics in 2006. I know him; he is a director general. The other director general who is permanently allocated to HS2 I started working with in 2003, so I know him extremely well as he has moved through the Department and the previous Office of the Deputy Prime Minister. They are both very experienced director generals and they report through, of course, the permanent secretary, Philip Rutnam. Philip is heavily involved with the project. I meet him regularly, as does Simon Kirby, our Chief Executive.

Q56 Graham Stringer: You will forgive me for saying that is not really a comprehensive endorsement of the officials, either in quantity or quality, within the Department for Transport. Are you in a position to be able to judge that? Is that part of your risk analysis about the capacity of the Department? They have form, or lack of form on some projects, for not getting it right. Are you analysing their performance? Are you looking at the risk or the potential risk from the Department itself?

Sir David Higgins: Well, I suppose the most important thing we can do in order to formalise the relationship with the Department is have a proper governance process in place. We are just at the final stages of agreeing a development agreement. That will be a

legal document between HS2 and the Department. It will set out the various review points. There will be what they call review points 1, 2 and 3, which happen over the next 18 months, which vet our capability and the Department's capability. That is audited by Treasury with their own independent reviewers and that determines whether our organisation has matured enough and whether the Department has a complementary level of skill to be an intelligent client, and, if so, whether further delegation of decision making can be given to both HS2 and the Department. That agreement has been put together. It has been prepared by KPMG. It is an extensive document. It has taken a year to prepare and I think it is also something that this Committee may wish to consider. Certainly, by this time next year it would be something I would suggest you consider reviewing and seeing how that governance is put in place, what are the controls and who are the people who are effecting that, because it is important to know there is a proper governance process and there are checks and balances on the substantial money that we spend.

Q57 Chair: Is completion of that document an integral part of your answer to Mr Stringer's question?

Sir David Higgins: Correct, yes, it is. It is very important to have that document complete because that sets out the Department's responsibilities as well as our responsibilities and the maturity of the organisation at various review points that are externally vetted. Further delegation is not released either to the Department or to ourselves until we go through those review gates. That is the same model that was used on Crossrail, so it draws on that.

Q58 Chair: On your proposal for east-west connectivity, that clearly is a very important part of this project and it is certainly how the Committee saw this at the beginning—we were very supportive of High Speed 2 provided it was not an alternative to investment in other parts of the railway and provided it was not entirely separate from other railway investment. In the plans you have put forward, it is not clear exactly how those links will be made. You are in charge of High Speed 2. We are looking at the east-west links, whether it is road or rail. There is Network Rail responsible for the rail side of it; the Highways Agency for possible road improvements. How are those connections going to be made, let us say, specifically on the rail? How will it actually be done so that this is part of the whole?

Sir David Higgins: The key is to keep the work relatively focused. One North was the report that was prepared by the five cities, M62 corridor and Newcastle. That is now a change in the recommendation to develop a body called Transport for the North modelled on Transport for London, with its own programme management capability and resource base. It draws in highways and rail and the LEPs as well. That is being put together at the moment. The main interface there will be with the Department for Transport naturally because they are the main budget holder for that work, as well as Network Rail and ourselves. We are certainly there to assist and support. It will not be led by HS2 because that is not our primary role. We are there to support particularly the major station interfaces in Manchester and Leeds. That is the key governing body as I see it and the next stage is a report that will come through in March as a report on the status of how that is going.

Q59 Chair: Will Transport for the North have the same powers as Transport for London and the same funding? Is it really the same?

Sir David Higgins: No, it is not the same because there is not a single elected mayor with a budget that is allocated to a single body and to a single mayor. I cannot say it is the same, but the important thing that it will do is it will prepare a plan for that region and set out their priorities, short, medium, long term, and then negotiate with Government and the Department for Transport on budget and how that should be allocated. For the first time, it gives this region a combined unified voice that can then negotiate and make their case, but it is not exactly the same as Transport for London. The most important thing is to have the planning capacity and be able to set out a case clearly to politicians.

Q60 Chair: There is some concern that areas outside of the city regions who have come together to form this body will have their needs at best marginalised in the north-west. We have Lancashire and Cumbria but they are not city regions. How is that going to be addressed?

Sir David Higgins: You are right. This cannot cover everything. It certainly cannot cover the Midlands and, you are right, it cannot cover all of the West Coast line. Even as it looks at areas like Newcastle, it has been made very plain to me that in the end Newcastle City itself is very small from an authority point of view and we have to look at greater Newcastle. It is the challenge of the political grouping that makes up Transport for the North to have sufficiently broad engagement with the entire M62 corridor from Liverpool across to Hull and then to Newcastle so that they can address those issues. You really will not solve those issues of freight and capacity unless you bring in those areas. As for Cumbria, Penrith and other areas, they will surely form part of the overall five-year plan that will go in in September 2016 to Government in the high-level output statement that comes through with the Department and Network Rail.

Q61 Chair: Could you expand on another comment you made a little earlier about the importance of phase 2 of High Speed 2 to the plans to improve east-west connectivity? You said that the plans to improve east-west connectivity would not achieve that without HS2. Could you say a little more about why that is the case?

Sir David Higgins: Absolutely right. If you think of the UK as having a number of strong industrial and commercial areas, everyone is aware of London and its dominant position and the 12 million to 13 million people that draw on greater London as a major point of employment. You have the same number of people in a ring that goes from Manchester down to Birmingham and up to Leeds and the same level of potential productivity. It is just that the transport connections in that area are really poor. It is two hours from Birmingham to Manchester. It is two hours from Birmingham to Leeds and it is an hour across the middle from Leeds, let alone from Sheffield across to Manchester. You cannot have that area, which has enormous potential production, with that poor level of transport. That is why the “Y” is so important. It will not solve the issue of connectivity. There are 4 million jobs from Birmingham on the eastern leg that goes through to Leeds, so it is a crucial part of connectivity improvements. The existing lines, as my report says, cannot be upgraded to anywhere near the capacity and connectivity that a new line will deliver.

Q62 Chair: What is your greatest challenge now?

Sir David Higgins: I suppose the greatest challenge, if we are honest about it, is keeping continuity of momentum over the next 12 months. We have a potential new Administration. We have a budgeting process we are going to go through from June to

September of next year. It is a budgeting process that will cover not only the five years to 2020; it will start to pencil in the period from 2020 to 2025. We all know the sorts of pressures that are going to be put on every Department no matter who gets in power.

Q63 Jason McCartney: It is clear you are working incredibly hard getting yourself out and about meeting the decision makers and the influencers. How long is your personal contract for in this role and how long do you see yourself being able to keep up this pace for?

Sir David Higgins: Ultimately, it is at the discretion of Ministers, but the contract I have is for two years and that started in January of this year, so it is until the end of next year. It may be extended, who knows, but it is not within my gift so we will see what happens next year.

Q64 Jason McCartney: Obviously, we are in a great footballing city here. Would you be seeking a contract extension for another three or four years?

Sir David Higgins: Well, I would never be so presumptuous as to think—

Jason McCartney: But would you personally at this stage be looking for—

Sir David Higgins: I think I want to see what progress we have made next calendar year and what support we have from any Government, whichever Government it is, to take the project forward. What I am doing now is spending a lot of time with the Executive and the board, building up the capabilities of the organisation. I am really pleased that the approvals we have had through in terms of recruitment and flexibility allow us to hire the right people in-house rather than as consultants on the project, and that is now proceeding. We are going to get a really strong team.

Jason McCartney: You are waiting to see whether there will be Champions League football or not. Yes, thank you.

Q65 Graham Stringer: Just a couple of final questions from me. Back to opponents: I have always thought that if we pay 20% over the market rate for compensation these major projects would go a lot more smoothly and quickly and save money because of the speed. Do you have discussions with the Department for Transport and Treasury officials along those lines that there would be a benefit for paying more than something is worth?

Sir David Higgins: All the time.

Q66 Graham Stringer: What response do you get?

Sir David Higgins: We have spent six months agreeing with Treasury and the Department on who we can recruit and the protocols and disciplines of that. The big point we have sought to make is we can hire top class people both here and, interestingly, British engineers and planners that have gone overseas want to return for this project because of the kudos that the project has. We do not have to pay top of the range private sector salaries, but it is much more effective to hire people in-house and have them accountable rather than hire them as consultants and end up paying two or three times the price of what you would pay if you were just hiring them direct. We have had very constructive discussions. It is understandable why the Treasury, right to the most senior level, would

want to make sure there are restraints on this and there are proper disciplines and controls, but we have agreed with them what those are and I am very pleased with the work done.

Q67 Graham Stringer: Are you, HS2, paying more than the market rate to speed up the process now for land and property acquisition along the line?

Sir David Higgins: This is people or for property acquisitions?

Graham Stringer: I am talking about property acquisitions. I am sorry if we are at cross purposes.

Sir David Higgins: No, okay, sorry, I was confused. I thought it was people.

Graham Stringer: I am talking about the CPOs.

Sir David Higgins: Well, there are five different forms of compensation for property. The last three are just going through the final stage of the consultation now. They have been set out and the policies were determined by the Treasury and the Department. We carry them out. That has been covered extensively as a proper process of the consultation.

Graham Stringer: I think we were at cross purposes, but the answer was very interesting anyway.

Sir David Higgins: Yes, sorry.

Q68 Graham Stringer: Just a final point, when Philip Hammond was Secretary of State, he made public announcements and came before the Transport Select Committee. He said that as a rule of thumb we could look at HS2 continuing the £2 billion capital spend that had gone on to Crossrail. He thought that was a reasonable assumption. Is that a rule of thumb that you would either recognise or you think is a good rule of thumb?

Sir David Higgins: That is probably right for phase 1. It depends how much you overlap phase 2.

Q69 Graham Stringer: Right. It would not be right, would it, if phase 2 comes into conflict with Crossrail 2? That £2 billion a year would not be sufficient to carry both those projects on at the schedules they are on?

Sir David Higgins: No, it would not. It definitely would not, no.

Chair: Thank you very much. I am sure we will be seeing you again and we will have further questions.

Sir David Higgins: Thank you.