High Speed 2: Politically Driven Infrastructure?

by Sundeep Athwal

The proposal to construct a high-speed railway line (**HS2**), connecting London with the cities of Birmingham, Leeds, and Manchester, has certainly gained extensive press coverage since it was first announced in 2010. Much of the coverage has focussed on the debate between the project's supporters and its detractors; a debate in which the affordability of constructing the new line, and the economic benefits that it is supposed to deliver, are increasingly being called into question.

According to the ***Department for Transport*** (**DfT**), the new high-speed line is required to improve connections between the United Kingdom's major cities and to increase capacity on our ever more congested railways. It is claimed that constructing the line will result in the creation of new jobs and that it will encourage more travellers and freight operators to use our railways rather than our roads. In recent months, the Government has been criticised for making some of these claims.

In June 2013, the Transport Secretary, Patrick McLoughlin, announced that the budget for constructing the line had risen from approximately £33 billion to £42.6 billion, following the creation of a larger contingency fund. In the months that followed, prominent figures who had previously supported the project, such as Alistair Darling and Peter Mandelson, announced that they were no longer in favour due to the rising costs. In early September, the Public Accounts Committee accused the Department of Transport of failing to present a ‘convincing strategic case’ for HS2.

In the same week that the Public Accounts Committee announced its findings, KMPG published a report (commissioned by High Speed Two Ltd, the company established by the Government to develop the project), which sought to quantify the economic benefits that HS2 would deliver. The author of the report stated that he wished to introduce new evidence to the debate, claiming that HS2 would increase the United Kingdom’s GDP by 0.8% from 2037 and that regions outside the South East would benefit the most.

However, the BBC’s business editor, Robert Peston, has questioned the modelling used in the KPMG report. The report focuses on the new opportunities for economic growth that would stem from the wider increases in rail capacity that would be provided by building HS2. Unfortunately, these findings appear to be based on the assumption that the only factor currently restricting growth in regions outside the South East is poor transport. As Mr Peston points out, the report ignores ‘one of the fundamental causes of lacklustre growth in many parts of the UK, which is a shortage of skilled labour and of easily and readily developable land.’

Furthermore, this is not the first time that the modelling used by the DfT has been criticised. The economic benefits flowing from constructing a high-speed railway line, and the shorter journey times that would result, may have initially been exaggerated by models that assumed that business passengers are unable to work whilst travelling. Mr McLoughlin has since acknowledged that the emphasis that had once been placed on the speed of the new line was misplaced, and that the economic benefits (whatever they may be) will stem from increased capacity.

The doubts that are being raised about the benefits that will be derived from HS2 suggest that the manner in which such major, publicly-funded infrastructure projects are conceived and implemented can be problematic. Peter Mandelson was a member of the Labour government that proposed the high-speed line. However, he has withdrawn his support for the entire project, explaining that Labour's support in 2010 was 'politically driven'. This support was motivated by a desire to 'paint an upbeat view of the future' following the financial crisis and the original cost estimates were apparently 'almost entirely speculative'. He further alleges that the economic benefits were 'neither quantified nor proven' and that there was a failure to consider alternative ways of spending the projected budget. It is concerning that a multi-billion pound infrastructure project that must be capable of satisfying our transport needs for decades to come could be settled without a thorough analysis into whether it was required or what the benefits would be.

It is perhaps even more concerning that the current Coalition Government appears to be so unwilling to re-evaluate the costs and benefits associated with proceeding with HS2 as currently envisaged. After all, if, as Mr McLoughlin has acknowledged, the speed of any new railway line is no longer the primary consideration, it would seem sensible to consider whether the plan currently being proposed is still the most suitable option. If a lack of rail capacity is likely to be an impediment to future economic growth, would the problem best be overcome by a high-speed line that will only directly serve a handful of cities? Is it perhaps possible that an alternative route, which follows existing transport corridors more closely and serves a greater number of towns and cities, could deliver better value for money?

To date, all three of the major political parties have been broadly supportive of HS2. When the Coalition Government picked up Labour's plans following the last general election, the Conservatives may have viewed the project as a vehicle for increasing support in constituencies in the Midlands and the North. Presumably, the financial cost and political embarrassment that may result from any form of U-turn – even a review of the proposed route – is ensuring that the Government remain publicly supportive of HS2.

However, Shadow Chancellor Ed Balls has recently suggested at the Labour Party Conference that there would be no blank-cheques for this project if a Labour Government were to be elected at the next general election. If criticism of HS2 continues to mount, the attitudes of all the parties towards HS2 could well change to suit their particular election strategies. The possibility that the planning of major infrastructure projects – in theory intended to address the long term needs of the country – could be jeopardised in the interests of short-term political gain appears to be highly undesirable.

Given the question marks surrounding the benefits of constructing HS2, it may or may not be a mistake if this project were to be abandoned on such political grounds. Generally, however, the planning and implementation of major, publically-funded infrastructure projects may benefit from a lower level of political influence. Given the often vast sums of public funding required for such projects, and the fact that any particular project is going to need to be capable of operating efficiently for decades after its completion, it is important that plans are only proposed in response to identifiable current and future needs or problems. Once a need or problem has been identified, it is important that all possible solutions are then carefully analysed to determine which best satisfies the need or problem, whilst also considering the interests of all stakeholders.

At the request of the Labour Party, Sir John Armitt, who chaired the Olympic Delivery Authority for the 2012 Games, has led a review into long-term infrastructure planning. He has suggested that an independent commission, established by statute, should have responsibility for evaluating the United Kingdom's infrastructure needs 25 to 30 years into the future. The Armitt review proposes that such a commission would meet every ten years and the Government of the day would be required to put the commission's key recommendations to a parliamentary vote within six months. Once a project had been approved, Government departments would have a year to compile delivery plans. The commission would also need to undertake periodic reviews of its plans in case they should need to be adjusted in the face of changing circumstances.

The proposals put forward by the Armitt review appear to reduce the risk of politically driven infrastructure projects such as HS2, and instead have the potential to ensure that needs are identified and then suitably addressed. The success of such an independent commission is likely to dependent very much on the expertise and experience of its individual constituents. Provided that this requirement is addressed, however, it seems that such independently-reviewed, evidence-based planning could also prevent the non-delivery of infrastructure projects as a result of short-term political decision-making.

Finally, it should be acknowledged that such a planning system could be deemed to be undemocratic in its operation. Planning infrastructure projects centrally, regardless of their wider merits, is likely to restrict the ability of those people most directly affected to veto such projects. For example, those groups who object to HS2 on the basis of the destruction, disturbance, and disruption that the construction and operation of the proposed line will have on their homes and communities, would probably not be comforted if the benefits of the project had been robustly researched beforehand.

Unfortunately, it seems inevitable that someone is almost always going to be negatively

impacted by infrastructure development. However, where the genuine need for a new railway, airport runway, or waste incinerator has been identified, perhaps the impact on local communities could be softened if their concerns were canvassed from the outset of the planning process and accommodated wherever possible. Where disruption and displacement is unavoidable, and compensation payments need to be made, the criteria for awards should be drawn up swiftly, fairly, and generously.

Major, publicly-funded infrastructure projects can be costly and must stand the test of time. It is therefore important that they are proposed in response to genuine needs and planned carefully to ensure that they deliver what is required from them as efficiently as possible.

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