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Osborne to lead fightback for high-speed rail project

By Mark Odell and Jim Pickard



George Osborne will lead a fightback for the case to build a high-speed rail link between London and the north by warning that abandoning the project now would leave commuters around the country suffering from intolerable overcrowding.

The chancellor is expected to kick off a campaign this weekend that will see cabinet ministers rally

around the scheme, known as High Speed 2.

The proposed rail link has come under increasing pressure over the summer after revelations that it could cost as much as £50bn and an admission that the economic case was flawed.

Ministers will draw on new forecasts that show that commuter trains serving the four biggest cities linked by the line – Birmingham, Leeds, London and Manchester – during the evening peak will be carrying up to twice as many passengers as there are seats by 2033 when the full route is due to open.

“Network Rail has been clear and unequivocal that the capacity needed cannot be provided by upgrading existing lines,” Alison Munro, chief executive of HS2 Ltd, the government agency leading the project, told the Financial Times.

“This is a problem not only in London but also in Manchester, Birmingham and Leeds,” she said. “The outdated infrastructure cannot sustain itself in the current situation; it requires a change and the way forward is high speed rail.”

She added that research being prepared for HS2 Ltd will show that “if we do nothing, if there is no HS2 in 20 years, for every 10 commuters seated, 10 people will be standing” on peak trains out of Euston. The forecast, which assumes annual passenger growth of 1.5 per cent, is equivalent to a load factor of 200 per cent. Similarly, the load factors on trains out of Leeds are forecast to hit 170 per cent by 2033 – seven standing passengers for every 10 seated – and 140 per cent for both Manchester and Birmingham commuters. On intercity services between London, Birmingham and Manchester, that figure could reach 170 per cent by 2033.

Ministers are attempting to rebuild the case for HS2 from the bottom up in clear admission

that the initial business case for the project was flawed. The research on overcrowding will feed into a new strategic business case the government is planning to publish in mid-October. This will also contain a reassessment of the core economic case – now weakened by the rising costs of the scheme and the flawed assumption that time spent on a train is unproductive – offset by a wider economic assessment, including job creation.

A study by KPMG will form a key part of that assessment and is expected to predict the line will create hundreds of thousands of jobs in the regions. The prospects of a big boost for employment beyond the southeast runs counter to the claims by many critics who argue the fast links provided by HS2 will result in more jobs being sucked into the capital from the regions.

Mr Osborne and David Cameron, the prime minister, remain steadfast supporters of HS2. The project serves a key political purpose for the Conservatives, allowing them to claim they have a national economic growth agenda.

Similarly, Nick Clegg, the deputy prime minister and a Sheffield MP, believes the scheme will help bridge the north-south divide.

A government source said Mr Osborne remained “rock solid” behind HS2 and would be making “very positive” comments at the first possible opportunity.

Richard Houghton, a spokesman for the HS2 Action Alliance, a network of protest groups, rejected the latest government claims.

“The idea that HS2 will provide major relief for rail commuters into cities like Manchester and Leeds doesn’t stand up to a moment’s serious scrutiny,” he said. “Taking the morning peak as an example, only two trains from London arrive at either city before 9am today, so HS2 would only release capacity for just two more trains, on just one route into each city. Not much benefit for Leeds and Manchester commuters for a £50bn price tag.”

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