

## HS2: Government ministers sat on critical report by Department for Transport

The case for HS2 has been further undermined after a report is shown to have exaggerated its benefits



Even after the 60 years, significant CO2 savings depend on the UK closing almost all its coal and gas power stations, which appears increasingly unlikely Photo: PA

By Andrew Gilligan

10:10PM GMT 04 Jan 2014

A key report used by the Government to make the economic case for the HS2 high-speed rail line has been critically undermined by the Department for Transport's own research, which suggests the study's methods exaggerated the benefits of the project.

The report, by the accountants KPMG, has been repeatedly quoted by ministers — including the Chancellor, George Osborne — to defend their £43 billion scheme.

Patrick McLoughlin, the Transport Secretary, said he was “pleased to publish” the study, commissioned by HS2, saying it showed the new line would deliver a “£15 billion annual boost to the economy, with the North and Midlands gaining at least double the benefit of the South”.

Mr Osborne said the KPMG report “showed that HS2 will provide a boost to the economy of £15

billion a year”. The figure was said to be the value of higher employment, better productivity and “gross value added” (GVA), increased production of goods and services, caused by the new line.

However, even as the Department for Transport promoted these supposed benefits, it was sitting on a second study which showed them to be grossly exaggerated, The Sunday Telegraph has learnt. This report, by experts including Tom Worsley, the man who developed the DfT’s own transport modelling, criticised KPMG and its method directly and by name, saying it produced “implausibly high” estimates of the effect of high-speed rail projects on the economy.

“There is no evidence that the direction of causation claimed in the model —between an increase in rail connectivity and an increase in productivity, employment density and GVA — has been established,” the second report said. This had a “crucial” impact on the “robustness” of the figures, it added.

The experts said: “There is no explanation provided for the impact of the transport proposal on other geographical areas, i.e. winners and losers ... no explanation is given of the original locations of those jobs that shift [as a result of high-speed rail].”

Their report, entitled Assessment of Methods for Modelling and Appraisal of the Sub-National, Regional and Local Economy Impacts of Transport, is dated September 2013 but was published on the DfT website at the end of October, seven weeks after the KPMG research. Unlike the KPMG report, it had no publicity.

The KPMG research has already been substantially discredited, with one former member of the Government’s HS2 advisory panel, Prof Henry Overman, saying it was “technically wrong” and “essentially made up”.

Another statistician, Prof Dan Graham, of Imperial College London, said the KPMG methodology was “not reliable”, while freedom of information requests by the BBC revealed that KPMG had found many parts of the UK stood to lose, not gain, from HS2, but this was never spelt out in its published research.

The disclosure that the Government was warned by its own experts even before publication will bolster concern that the benefits of the costly high-speed scheme have been significantly oversold.

Mr McLoughlin has also claimed that HS2 will be “one of the most potentially beneficial infrastructure projects on the planet” and that it will be “fully integrated into the existing rail network”.

In fact, according to Prof Overman, the economic benefits may be as little as an eighth of those

claimed by KPMG, and HS2 will not even run to the main rail station in five of the seven major provincial cities it serves.

Mr McLoughlin claimed in October that HS2 could “reduce carbon emissions” by diverting passenger and freight traffic from road and air to rail. This is also untrue.

The same month, a previously unpublicised 63-page “assessment of carbon emissions” by the consultants Temple-ERM was slipped out on the HS2 website. The report makes clear that the massive CO2 emissions created by building the new line will outweigh any carbon savings from modal shifts in transport for at least six decades.

“Over the construction and the first 60 years of operation of HS2, it is likely that carbon savings ... will be less than the carbon emissions, resulting largely from the construction phase,” the report says.

Even after the 60 years, significant CO2 savings depend on the UK closing almost all its coal and gas power stations, which appears increasingly unlikely. High-speed trains consume vast amounts of electricity, which is currently generated largely by burning CO2-producing fossil fuels.

There are around 1.5 million long-distance car journeys in Britain each day. The HS2 environmental statement says just 2,500 of them, less than 0.2 per cent, will transfer to HS2, bringing infinitesimal reductions in traffic congestion, pollution and CO2 emissions. A “small” CO2 saving “may” be delivered after 120 years, it says.

HS2 claims almost 700 air trips a day, four planeloads of people, will transfer to HS2, even though there are no flights between London and Birmingham and few between London and Leeds or Manchester.

It can also be revealed HS2’s former legal advisers have attacked the project, accusing it of using “scare tactics” to win public support.

In a blog post on the Bircham Dyson Bell website, one of the firm’s public affairs staff, Stuart Thomson, said there was a “real problem” with “failings in the statistics” used by HS2 to make its case, including a “fairly transparent scare tactic” of claiming that upgrading existing lines instead would cause 14 years of weekend closures.

Bircham Dyson Bell was legal adviser to HS2 until March 2013. Mr Thomson said: “Opponents have been allowed the space to make the running because of the perceived faults in the justifications and the way that the public consultation was undertaken.”

He said the problems with HS2 “go deeper” than the communications, and the Bill to build the line

would have a “difficult journey” through Parliament as a result.

The DfT stood by the KPMG research on Saturday night, saying that its criticism related only to a previous study the firm had done on high-speed rail. However, the method used in both studies was substantially the same and economic benefit produced was similar.

A DfT spokesman said: “The 2013 KPMG study was peer-reviewed and highlights the real economic benefits regions across the country could see thanks to the creation of a new North-South rail line.

“HS2 has drawn support from employers, unions and the construction industry and will deliver essential new capacity to the national rail network freeing up space on the East, West and Midland mainlines, benefiting the thousands of commuters who currently stand travelling into London and Birmingham.”

Cheryl Gillan, Conservative MP for Chesham and Amersham, said the case for HS2 was “smoke and mirrors”.

“This is an example of how the project is being bulldozed through as opposed to being discussed in the open on the basis of its merits. But you cannot take the general public for being fools. Particularly given the difficulties of the rail network in the last few days, people do not understand why the money is being spent on a shiny new toy and not on the services they actually use.”