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Buckinghamshire
HP7 0DQ

13 December 2010

Secretary of State for Transport
Rt Hon Philip Hammond MP
Great Minster House
76 Marsham St
London
SW1P 4DR

Dear Secretary of State,

The business case for High Speed 2

I am writing to you concerning the review of the business case for High Speed 2 (HS2) that we have conducted.

We believe that there are a number of fundamental flaws with the assessment that DfT and High Speed 2 Ltd conducted in March 2010, with the result that the benefits are seriously over-estimated. On HS2 Ltd's demand estimates, the level of benefits overestimation may be 60%.

We also have concerns about the demand modelling that has been conducted in support of the business case. The results do not appear to be consistent with each other, with the overall forecasts of demand appearing to be smaller than the disaggregated demands would allow.

Naturally we would not want to reach such conclusions without first checking our interpretation of the materials published by HS2 Ltd and DfT with these organisations. Unfortunately in recent months it has not been possible to have the sort of dialogue that we would prefer, therefore we are obliged to draw conclusions as best we can.

However, if we have misunderstood your position and it can be explained to us, we will be pleased to make appropriate changes. If, however, you prefer not to make any comments on our paper, we will have little alternative but to assume that we have correctly interpreted the work.

I attach a copy of the report that we have produced. We have already sent a copy to Philip Graham.

We would observe that if some of the inadequacies in the analysis done in support of HS2 are not remedied for the consultation, we struggle to see that suitable and sufficient information will have been provided for consultees to take an informed view on the advisability of HS2.

In particular we feel that any economic case for HS2 should:

- Be against the best alternative, which would very likely be an optimised version of upgrading the WCML, and perhaps other improvements to existing infrastructure
- Incorporate different scenarios that give proper weight to the possibility of demand proving substantially less than has been estimated by HS2 Ltd
- Either be consistent with other forecasts of domestic travel used to support government decision making (eg the forecasts from the National Transport Model that are used in connection with carbon emissions targets) – or be transparent how the forecasts differ and give a clear explanation of why they do so
- Be based on up to date information for demand and benefits, and be appropriate to the assessment of a railway that would not commence commercial operation until 2026.

In your recent speeches your emphasis has been on the transformational benefits of HS2 and its potential to redress the North/South divide. Unfortunately you have as yet provided no information about why you believe this might happen. The potential for HS2 to act as a trigger for growth is discussed at some length in HS2 Ltd's March documentation but this analysis does not support the contentions that you have been making.

We would therefore be grateful if you could tell us what evidence you have that has persuaded you of these transformational benefits.

Yours sincerely



Hilary Wharf
Director, HS2 Action Alliance

Copies:

Cheryl Gillan, MP
David Lidington, MP
Steve Baker, MP
Dominic Grieve, MP
Andrea Leadsom, MP
Jeremy Wright, MP
Michael Fabricant, MP
Dan Byles, MP
John Berkow, MP
Tony Baldry, MP

Transport Select Committee members

Alison Munro, CEO HS2 Ltd
Philip Graham, Deputy Director High Speed Rail, DfT

Attachment enclosed