

Submission to BEIS Committee post-pandemic economic growth Inquiry from High Speed Rail Group

Introduction & Executive Summary

1. The following is a response to the BEIS Committee call for evidence on post-pandemic economic growth. It is submitted by High Speed Rail Group (HSRG) and focuses on the rail sector in the areas as outlined by the Committee. The response highlights the role a national high speed rail network, including HS2, could play in the country's recovery and future economic growth post-pandemic. This is particularly the case given HS2 is a project that is not just 'shovel ready,' but underway. It's scale and positive economic impact means it needs to be considered within the economic recovery approach ahead. This submission also looks at how high speed rail will be key in helping to achieve the Government's net zero and levelling up goals, as well as the underpinning its Industrial Strategy.
2. The key points of our submission are:
 - High speed rail has an essential role to play in kickstarting the economy and enabling post pandemic growth;
 - In particular, HS2 and associated high speed rail schemes will be key to rebalancing the economic geography of the UK, supporting the UK's net zero targets and protecting and future proofing jobs;
 - Achieving sustainable growth and a green recovery will require big changes to the way that we travel, and only HS2 can provide the capacity and journey time savings to make the modal shift from air and road to rail a reality.
3. We are happy to provide any further information that may be required. Given the expertise of our members we would also be happy to give oral evidence at a Committee sitting.

About High Speed Rail Group (HSRG)

4. HSRG is committed to supporting the successful delivery of a world-class high speed rail network in Britain. Our members have helped deliver major infrastructure projects in the UK and around the world, from creating entirely new high speed networks to improving the UK's existing rail network. This gives us a unique insight into both the shortcomings of the current network and the transformative capacity, connectivity, economic and environmental benefits that high speed rail brings. HSRG supports a national high speed rail network including the delivery of HS2, high speed rail's integration with the existing rail network and investment to maximise the released capacity benefits HS2 brings on and off route, and other rail investments such as Northern Powerhouse Rail and Midlands Engine Rail. A full list of our membership can be found at www.rail-leaders.com.

Context

5. The Government's commitment to HS2 as a nationally transformative programme was confirmed by its decision in February 2020 to continue with the project, followed by issuing of the Notice to Proceed in April, all of which has set in train the main construction works on Phase 1 of the scheme. By giving the green light for main construction to begin, it is an acknowledgement of the many benefits the scheme will bring.
6. As the country looks to recover from COVID-19, the HS2 project will form an important part of the economic programme ahead, particularly as it is a scheme that is not just 'shovel ready,' but underway. It provides highly skilled jobs and supports a wide supply chain and there are currently 11,000 direct jobs on the HS2 programme, a figure which will rise to 30,000 in the future. HS2 highlights very well the relationship between effective major infrastructure and the multiplier benefits that flow from this. The scheme will also build much needed resilience within the transport system.
7. HS2, and associated high speed rail schemes including Northern Powerhouse Rail, Midlands Engine Rail (and the development of 'High Speed North'), have an important role to play in ensuring that post-pandemic, Britain has a stronger, more sustainable and more productive economy, where every nation and region shares the opportunities created by economic growth.

Response

8. Of the topics identified by the Committee, HSRG will seek to address the following:
 - What core/guiding principles should the Government adopt/prioritise in its recovery package, and why?
 - Whether the Government should give a higher priority to environmental goals in future support?
 - Is the Industrial Strategy still a relevant and appropriate vehicle through which to deliver post pandemic growth?
 - What opportunities does this provide to reset the economy to drive forward progress on broader Government priorities, including (but not limited to) Net Zero, the UK outside of the EU and the 'levelling up' agenda? What should the Government do to ensure that delivering on these priorities does not exacerbate the vulnerability of businesses, consumers and communities/workers that have been impacted by COVID-19?

What core/guiding principles should the Government adopt/prioritise in its recovery package, and why?

9. In its approach to a recovery package, the Government should prioritise the following principles:

- Rebalancing the economic geography of the UK and recognising the importance of rail transport infrastructure in supporting the recovery, levelling up, and as such ongoing, lasting benefits
- Supporting the UK's legal commitment to achieve net zero carbon emissions by 2050, with the need to decarbonise transport and rail by 2040 and high speed rail's key role in this
- Protecting and futureproofing jobs, with HS2 an anchor for supply chains, jobs and investment across the country

10. These three principles help underpin an economy that is fairer, greener and more resilient.
11. High speed rail will play a major role in shaping the economic future of this country, with HS2 standing to rebalance the economy away from the London and the South East, reducing the 40% productivity gap between London and the North and bringing Britain's towns and cities closer together. HS2 releases capacity on the existing network as well as providing new capacity. Midlands Connect has published research on the towns and cities with no HS2 station that will benefit, as well as those that are on the line of route. HS2 is also integral to the economic and growth plans for local areas and regions, and already investment has started to flow into areas because of the new railway. In addition, HS2 supports a wide supply chain and businesses across the country. Harnessing the benefits of HS2 therefore needs to be maximised.
12. As we look to rebuild our economy and communities, we should aspire to rebuild better than what has gone before. That means ensuring that we are as clean and green as possible, including reducing the carbon-intensiveness of transport in construction and once in operation. As a new transport spine for Britain able to operate on zero carbon electricity, HS2 will be transformative for longer journeys, including the increasing number of leisure trips which, when made by car, are particularly carbon intensive.
13. It will be important to not see a knee-jerk reaction against public transportation in favour of more cars on the road. A car-based recovery will not enable the UK to meet its carbon targets, even if they are electric vehicles (EVs) (which involves carbon in building cars, roads and charging infrastructure). Even if shorter term curbs remain on public transport use as the Transport Decarbonisation Plan consultation highlights, the goal must be to move people and freight from road to rail and redirect passengers from short haul and domestic flights onto clean electric trains, making significant carbon savings.
14. Lastly, a recovery package should support the maintenance and growth of jobs- in particular skilled, well paid roles. HS2 can be viewed as a jobs programme which has supported over 11,000 jobs to date, a figure which will rise to 30,000 in the future. It is also providing apprenticeship pathways and opportunities, laying the foundation for a future skilled workforce. A recovery package needs to harness HS2, but also look to the funding and development of related infrastructure, such as other rail programmes and 'final mile' schemes, that will enhance the benefits of HS2 and in turn bring similar jobs and longer term benefits. In addition, HS2 has a wider supply chain, and continuing to support the programme will give the certainty to this supply chain.

Whether the Government should give a higher priority to environmental goals in future support?

15. As the Transport Decarbonisation Plan (TDP) consultation outlines, in 2018 UK greenhouse gas emissions from surface transport amounted 28% of domestic emissions and are now greater than any other sector, and action is needed to decarbonise.
16. There is a significant gap between the trajectory proposed in the TDP consultation and where the UK is required by law and science to be, including meeting its Paris Climate Agreement commitments and what the Government's independent advisory body, the Committee on Climate Change, recommends. Further to this, if aviation and shipping are included in transport emissions, as they should be, then transport contributes to 34% of emissions.
17. Up until now, however, HS2's decarbonisation potential has been seriously underplayed by national forecasts founded on a decrease in rail growth, with demand on HS2 capped shortly after it opens - the former assumption does not sit with achieving net zero, the latter with the experience of uplifts in passenger growth from new railways. It also does not consider the cumulative impact of wider rail upgrades that will likely be needed. In addition, the benefits of freed up capacity on the existing network for freight and local passenger services have still not been fully modelled.
18. High speed rail can play an essential role in the environmental recovery and as we head towards net zero, and the fundamental change that is needed to the way people and freight move around. High speed rail is particularly critical in decarbonising long-distance travel, and the ever increasing leisure travel segment. No other mode, including EVs, can achieve this.
19. HS2, as a new transport spine for Britain able to operate on zero carbon electricity, will be transformative both for these longer journeys and unlocking capacity on the existing network. As such, Government must prioritise the construction of HS2 as part of a national high speed rail network, with associated schemes including Midlands Engine Rail and Northern Powerhouse Rail as part of the green recovery.
20. In the move to transport decarbonisation, reducing aviation emissions is the greatest challenge. Domestic UK flights have reduced in 2020 as a result of COVID-19, and this presents an opportunity to accelerate transformative rail upgrades to create a long term carbon beneficial domestic modal shift and reduce the need to fly. We can be inspired here by the success of HS1, which has reduced CO₂ emissions by the equivalent of 60,000 short-haul flights every year. Equally, providing a high capacity, higher speed and resilient rail connection between England and Scotland to open in the early 2030s should be a flagship measure to make HS2 services even more competitive to flying, shifting the busiest domestic aviation routes and long distance freight to rail- and would also act as a signal of the Government's intent to connect all nations of the UK through a truly national high speed rail network.
21. As we also lay out in the HSRG report [HS2 – towards a zero carbon future](#), the delivery of HS2 is leading the way in environmental construction. HS2 will have a climate impact

equivalent to less than a hundredth of UK aviation emissions or 0.5% of current road transport emissions. Through the HS2 enabling works there has been an outperformance of 20% to 30% in reducing embedded carbon and for the main works the target is 50%. The scale of the HS2 programme provides lessons in low carbon construction and can drive change in other programmes as part of a 'green recovery.'

22. HS2 also unlocks the full potential of existing railways for local and regional travel, freight and wider carbon benefits such as enabling more sustainable housing. Net zero will require very substantial changes to how we use our land, balancing hard to treat emissions such as concrete usage. From this perspective, transport modes like rail that are spatially efficient, whether in terms of their own needs or enabling compact, higher density development, will be more important. Out of the way car-based developments lock in inefficiency and carbon emissions.
23. The net zero challenge now requires that the Government commits to a world class public transport network integrated through a national high speed rail network, by which we mean a core network of dedicated high speed lines integrated with upgraded, electrified and digitally signalled lines, reaching all regions and major cities. Electrification is needed to enable trains to run off the core, with digital signalling to minimise risks of disruption. Higher speeds are needed to help design out domestic mainland aviation and for rail to be competitive not just from city centre to city centre, but also trips to/from suburbs involving interchange to local public transport.

Is the Industrial Strategy still a relevant and appropriate vehicle through which to deliver post pandemic growth?

24. The Industrial Strategy is a long term approach that focuses on boosting productivity through investment in skills, industries and infrastructure. Such an approach is still needed ahead. As we look to rebuild the economy, the Industrial Strategy should be considered as an essential means of delivering post pandemic growth.
25. The Industrial Strategy White Paper, published in 2017, made clear that HS2 is a prime example of an infrastructure project that can deliver on its core aims and meet 'grand challenges.' Now, more than ever, HS2 can be a driver for productivity, boosting economic growth and levelling up. This is through the construction programme and the jobs and supply chain development that flow from this. There is a need to ensure that there is local content when possible and that the scale of HS2 is harnessed to bring the most advantage to supply chains, skills uplift and development and benefits to geographic areas to support 'levelling up.' In addition, as a major long term construction and manufacturing programme such as for the rolling stock, HS2 can play a key role within the Industrial Strategy.
26. Through dramatically better connections and released transport capacity, a national high speed rail network will help support bringing high productivity levels to areas that have traditionally experienced lower productivity, fundamentally reorienting the railway away from a 'hub-and-spoke' centred around London, and in turn supporting the goals in the Industrial Strategy to achieve productivity enhancement.

What opportunities does this provide to reset the economy to drive forward progress on broader Government priorities, including (but not limited to) Net Zero, the UK outside of the EU and the 'levelling up' agenda? What should the Government do to ensure that delivering on these priorities does not exacerbate the vulnerability of businesses, consumers and communities/workers that have been impacted by COVID-19?

27. As mentioned above, in order for the transport sector to undertake an irreversible shift towards zero emission mobility, a high capacity fully electrified railway such as HS2 is vital. Achieving net zero will require big changes to the way we travel. Longer journeys are the hardest to decarbonise, which is why we need to make rail the longer distance travel mode of choice. Only HS2 can deliver the capacity and journey times savings to shift many more people out of cars and planes by the 2030s, without causing a decade of disruption to our existing train services. HS2, combined with other high speed rail schemes including Midlands Engine Rail and Northern Powerhouse Rail, will provide the rail capacity needed to significantly shift travel away from polluting road and air alternatives. High speed rail has a fundamental role to play ahead in the UK reaching net zero.
28. So too, high speed rail has an essential role to play in the levelling up agenda, and associated productivity gains. Major infrastructure projects such as HS2 will drive regional business growth as we look to rebalance our national economy. Cities and regions are developing their urban strategies based on HS2, with Birmingham and Leeds among the places securing significant investment. High speed rail will feed into local industrial strategies, bring Britain's major economic centres closer together, and as such change economic geography.
29. High speed rail will also support a range of other benefits, as HSRG show in our report [Why Britain Needs HS2](#). HS2 will boost UK exports, skills, and build and grow businesses in the industry and beyond. The scheme is currently supporting approximately 11,000 jobs, and is set to support 15,000 jobs by year end. Ultimately, it will underpin 30,000 jobs overall and 70% of these outside of London.
30. In a post-Brexit world, the country is in a unique position to establish itself as a world leader in any number of industries that rely on HS2 and other major infrastructure projects for their success. Besides engineering and manufacturing, a national high speed rail network can help make the UK a centre of expertise in civils, architecture, archaeology, design, and low carbon construction. Government support can help embed and grow this potential. This includes working with regions and areas to ensure that those places are likely to be impacted more so by COVID-19 can benefit from the economic opportunities of the development of HS2 and the investment that this entails.

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