

Institute of Directors calls on the Government to abandon HS2

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Simon Walker, Director General of the Institute of Directors, is calling on the Government to abandon the controversial high-speed rail project, branding it “a grand folly.”

The intervention comes as IoD research suggests businesses are simply not convinced by the economic case for HS2.

A survey of IoD members found that just 27 per cent feel the high-speed rail project represents good value for money and 70 per cent say the scheme will have no impact on the productivity of their business.

In August 2011 a survey of IoD members found 54 per cent rated HS2 important to their business. This figure has now fallen to 41 per cent, illustrating how businesses see high-speed rail as a lower priority than it was two years ago.

In June, Transport Secretary Patrick McLoughlin told the Commons that the cost for the full Y-shaped high-speed rail network linking London, the Midlands and the North had been revised upwards to £42.6bn. Including the cost of rolling stock (£7.5bn), the total cost is now estimated at £50.1bn, though recent research suggests the final figure could be far higher.

A central part of the Government’s current economic case for HS2 is that time spent on a train is unproductive. However, the IoD research shows that this assumption is wildly inaccurate, as only 6 per cent of directors say they never work on a train. 48 per cent of members say they spend at least half of the journey working, 26 per cent work for between a quarter and half the time, and 21 per cent spend up to a quarter of the journey time working productively.

Commenting on the research, Simon Walker said:

“Businesses up and down the country know value for money when they see it, and our research shows that they don’t see it in the Government’s case for HS2.

“Some of the specific claims that the Government has used to support its economic case for the project have been challenged by our members, who by and large do not feel that their business will benefit.

“We recognise that some of our members are in favour of this project, and there is a plurality of opinion amongst the businesses community. But overall there appears to be little enthusiasm amongst IoD members, not even in the regions where the benefits are supposed to be strongest. Indeed, our research shows that almost every region expects London to benefit the most.

“The IoD cannot support the Government’s current economic case for HS2 when so many of our members are doubtful of the benefits.

“We agree with the need for key infrastructure spending, but the business case for HS2 simply is not there. The money would be far better spent elsewhere and in a way that will benefit much more of the country. Investment in the West and East Coast main lines combined with a variety of other infrastructure projects would be a far more sensible option.

”Our members support increased investment in other aspects of our road and rail network, citing this as more important than investment in HS2. 80 per cent feel that investment in existing intercity rail services should be a priority, with just 41 per cent saying the same for investment in HS2. 63 per cent believe the money should be spent on other transport projects.

“Station upgrades, inter-city improvements, tunnels, electrification and capacity improvements should all be considered alternatives.

“It is time for the Government to look at a thousand smaller projects instead of falling for one grand folly.”

The opinion of IoD members is broadly similar across the country, and in no region of the UK do more than 35 per cent think HS2 represents good value for money.

Further results

The IoD surveyed 1,323 members online between 1st and 11th August.

Which region of the UK do you believe will derive the greatest economic benefit from HS2?

Overall, London is seen as the region that would benefit the most from HS2 (27%), followed by the North West (22%) and the West Midlands (16%).

Most regions agree that London would be the prime beneficiary, although the North West is thought to be the biggest beneficiary in the East of England (29%) and the South (26%):

In the West Midlands, 34% feel that London would benefit the most, compared to 30% thinking the West Midlands would be the prime beneficiary.

In the North West, 39% feel that the largest benefits would accrue to London, compared with 35% thinking that the North West would win out.

In Yorkshire, 29% think that London would benefit the most, while 16% think that Yorkshire would be the biggest beneficiary.

Working on trains:

When taking the train for business journeys, 48% of IoD members spend at least half of the time working on the train.

A further 26% spend between a quarter and a half of their time working on the train and a further 21% spend up to a quarter of the train journey working.

Only 6% never work on the train.

Importance of investment in rail networks:

Overall, 80% think that investment in existing intercity rail services is important or very important, while 73% say the same of commuter rail networks and 68% of tube/metro/tram networks.

By contrast, 41% think that investing in new high-speed rail links is important or very important.

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