

## MEF Discussion Paper: HS2 - A Few Sums

- The original estimate of the cost for HS2 was £30 billion for the entire project, although this was subsequently revised to 42.6billion. In 2016, in the period leading up to the time Phase 1 received Royal Assent, HS2 Limited estimated the total cost for phases 1, 2a and 2b at £56billion.
- However, the latest Independent estimate we have of the cost of all three phases is now £106.35bln.
- The above revised estimate does not include local transport infrastructure connections to HS2 terminals, estimated at £43bln by Sir John Armit, Chair of the National Infrastructure Commission.
- The independent estimate also does not include the cost of rolling stock, estimated at £2.5bln (18 units comprising yet to be designed power cars - two per train - and 18 carriages).
- The estimated capital power requirement costs of HS2 - approximately one third of the output of Hinckley C – is currently estimated to cost £5bln.
- The annual running costs are currently estimated as equivalent to the total running costs of the entire Network Rail network.

<b>Evolution of Potential HS2 Costs (Whole Project)</b>		
<i>Source: Press Comments, mpbc &amp; MEF</i>		
<b>2018 Projected Costs</b>		
	<b>Compiled</b>	<b>£ bln</b>
Initial Estimate	2010	30.00
Revised Estimate	2016	56.00
Projected Spend (i)	2016	89.60
Associated Connectivity (ii)	Project end	43.00
<b>Total Potential Outturn</b>	<b>2018</b>	<b>132.60</b>
<b>2019 Projected Costs</b>		
Independent Assessment (iii)	2019	106.35
Associated Connectivity (ii)	2018	43.00
Power Generation Capital Costs (iii)	2019	5.00
Rolling Stock (iii)	2019	2.60
<b>MEF Revised Potential Outturn</b>	<b>2019</b>	<b>156.95</b>
As % of 2018 GDP		7.41

(i) Projections by Infrastructure & Projects Authority

(ii) Forecast by National Infrastructure Commission

(iii) Revised estimates by mpbc Infrastructure Consultants

## Demand

- According to the New Economics Foundation, some DfT models for demand for HS2 estimate that the average household income of a business traveller will be £60,091 and a leisure traveller will be £45, 583 in 2010/11 prices, meaning the average commuter using HS2 will be in the top 10% of household incomes.
- HS2 Ltd. currently estimate it is possible to run 18 trains an hour (currently the West Coast Mainline handles 3 Pendolino trains an hour from Birmingham to Euston). At 60% capacity, HS2 are proposing that daily passenger transport movements will be approximately equivalent to 10% of the entire West Midlands regional labour market.
- By some forecasts, Phase 1 is unlikely to be completed before 2030.
- There are questions whether Euston or Old Oak Common will be the principal terminal inside the M25, and what will happen north of Birmingham.
- It is worth noting that at the time of its launch the project received funding from the EU's Connecting Europe Facility. This aspect, which would have added significant export capacity to the Midlands, now appears to have been abandoned.

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