

MINUTES OF ORAL EVIDENCE

taken before

HIGH SPEED RAIL COMMITTEE

On the

HIGH SPEED RAIL (LONDON – WEST MIDLANDS) BILL

Wednesday 3 September 2014 (Morning)

In Committee Room 5

PRESENT:

Robert Syms (In the Chair)
Henry Bellingham
Sir Peter Bottomley

IN ATTENDANCE

Mr Timothy Mould QC, Lead Counsel, Department for Transport
Mr David Elvin QC, Landmark Chambers

Witnesses:

Rt Hon Liam Byrne MP
Mike Garratt, Managing Director, MDS Transmodal
Paul Rouse, Director of Planning, Savills

IN PUBLIC SESSION

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(At 9.30)

1. CHAIR: Order, order. It's now 9.30 and we are quorate, so we will kick off. Good morning. This is the third day of petitions hearings. Today, we hear from Friends Life Ltd and Axa Real Estate. Before we commence, I reiterate that short submissions will find more favour with the Committee than lengthy, repetitious arguments and reading out of papers. We normally start, if it's okay with the petitioners, with just a slight overview from the proposers and Mr Mould. Would you like to kick off, Mr Mould?

2. MR MOULD QC (DfT): Yes, I will, thank you. If we can put up 201, please – P201 – as the Committee is very well aware, a proposal to locate the rolling-stock maintenance depot for the Bill scheme, Washwood Heath in Birmingham. The area of Washwood Heath is shown with the dot, and the larger grey area there is the area that is required for construction and operational purposes, and one of the operational purposes is the rolling-stock maintenance depot.

3. If we turn to 215, this is a plan showing the main construction elements and, as you can see, as well as the construction of the railway line itself along the top of the grey area – the build limits – there will be a concrete-batching plant towards the northwest of the site. There will be a substantial construction facility in the southeast of the site – a materials-processing centre and road-head logistics centre – and there are other construction elements expected to be used for construction for about seven and a half years, taking us up to around 2022 – something like that.

4. P216, please. This is the final arrangement; that is to say, the operational phase. Three elements: the blue is the railway line itself; the pink is the depot land; three balancing ponds you can see marked out towards the right-hand side of the screen. And then in the –

5. MR BELLINGHAM: Three what did you say?

6. MR MOULD QC (DfT): Balancing ponds. And then the area which is shown in a light-yellow sand, that's an area of land that is residual to the permanent needs of the scheme, of around 16 hectares, which we have agreed with Birmingham City Council,

as planning authority, should be made available for employment development following completion of the works.

7. If we then turn back to 205, P205, this is the Land Ownership Plan. The land is in a number of ownerships. You can see those set out on the key. The petitioners today – Friends Life Company Ltd and Axa – they own the tranche of light-blue shaded land which is in the centre of the site. About 50% of that land is needed permanently; rather more is needed for construction. So, 50% would be made available at the end of the construction process for employment development. The parcel of land which lies to the north of the KPI I Sarl land that you can see – that's to say, to the north of the light-yellow land – that is an area of land in Axa's ownership which is, I think, leased to Cemex as part of their production facilities at the site at the moment. And as you can see, there are other significant landholdings within the site, a number of whom will be appearing before you in the coming weeks.

8. If we can turn, then, please to P209, which is Exhibit 35, just to give you a sense of the current and past uses, we see the site in the foreground to the south of the main line. The site was historically in use for rail purposes. Axa's land, when it was last actively used, I believe was used by LDV Trucks as a production site. The land is currently vacant land, which is identified for employment development by the local planning authority in its Development Plan.

9. SIR PETER BOTTOMLEY: And a private road running north-south.

10. MR MOULD QC (DfT): That's right, yes. You've seen those.

11. MR BELLINGHAM: We did visit this on our site visit.

12. MR MOULD QC (DfT): You did.

13. MR BELLINGHAM: We parked at the end of a street. Could someone just point out where it was we parked, so we can get a –

14. MR MOULD QC (DfT): I'll have to have help, because I wasn't with you. Can

you show me, and then I can show the Committee? There you are – I'm told that is where you parked.

15. MR BELLINGHAM: We parked there. Thank you very much.

16. MR MOULD QC (DfT): Can I just, then, take you to just one or two other documents? By way of preview, Axa's case today, Mr Elvin will tell you, but as I understand it, it's essentially that the maintenance depot shouldn't be here; it should be elsewhere. Two alternative locations are going to be suggested to you during the course of the case. One is at Birmingham Interchange Station, and the other is at Chelmsley Wood. Can we put up, please, page P202? There you have it. We've shown Washwood Heath, and then you see the alternative locations shown there: Birmingham Interchange Depot, just to the east of the HS2 line and adjacent to the Interchange Station; Chelmsley Wood, a little further to the north, to the west of the line, in an area of open land that lies between the railway line and the settlement of Chelmsley Wood to the west.

17. And it may be helpful if I just mention to you what is proposed in relation to those two sites under the current Bill scheme, so you have that piece of context. For Birmingham Interchange Depot, part of the land that would be developed for a depot under Friends and Axa's proposals is proposed for surface car-parking to serve the Interchange Station. If we can put up page 20 in the... There we are. This is a page from the Environmental Statement, volume CFA 24. It just gives you a computer-generated image. You can see it's a bird's-eye view from the southeast. You can see the Interchange Station in the centre of the view, and the surface car-parking to the east of the line; that is to say, to the right of the Interchange Station on this picture. That's broadly the location of the depot, so that car-parking would have to be provided through some alternative arrangement.

18. And then, finally, for Chelmsley Wood, I think all I need to say to you is this: the Chelmsley Wood site is a site that is, as it were, formed under the scheme by the HS2 line to the east, and then the settlement in Chelmsley Wood and some employment development to the west. It's a triangle of land, it's presently in the greenbelt and, under the Bill, it wouldn't be developed; it would be left as open space and the idea is it

would form part of open-space compensation, effectively, to make up for some open space that is affected elsewhere in the vicinity. So, that's a very swift run-through. I hope that's enough to give you a brief context.

19. SIR PETER BOTTOMLEY: For the Interchange, is the petitioner's proposal that that should be a permanent occupier for the use of the railway or just for the construction element?

20. MR MOULD QC (DfT): Sorry, is the petitioner proposing that that should be –

21. SIR PETER BOTTOMLEY: It's the petitioner's proposal that Birmingham Interchange should be one of the alternative parliament sites. Is it their suggestion that it should be for permanent use by the railway or is it just for the construction phase of the railway?

22. MR MOULD QC (DfT): It's a permanent use. So, putting it crudely, instead of the relatively substantial surface car park that's being pointed out with the arrow now, you would have a rail-maintenance and stabling depot, and you wouldn't have such a facility at Washwood Heath. That's the simple point.

23. CHAIR: Can I ask: how far are you with the design of Washwood Heath and the proposals there? You were very precise when you said 16 hectares being returned to Birmingham City Council, so has money been expended on doing the design at the moment, or is it still very much a concept and an approximate?

24. MR MOULD QC (DfT): We've got a pretty good idea of the basic layout, but it is, obviously, subject to detailed design. 16 hectares is our –

25. CHAIR: Sorry, 16 hectares.

26. MR MOULD QC (DfT): 16 hectares – that's our estimate. And as you'll see later, we've given an assurance to Birmingham City Council that we will seek to maximise the area of land that is able to be returned to the market once the scheme has

been constructed. But I won't trouble you with that now.

27. CHAIR: Thank you, Mr Mould. Mr Elvin?

28. MR ELVIN QC: Good morning, sir. The purpose of our case is not simply to object to the depot at Washwood Heath for the sake of it and simply because it's land held by my clients Axa and Friends Provident, but because of its impact in several respects. It has an impact in terms of regeneration on the area – quite a severe one because, as you will have seen from our papers, the Washwood Heath site lies in one of the greatest areas of deprivation in the country and certainly one of the worst areas in Birmingham. It's also the area with the highest youth unemployment.

29. And what our concern is is that, by locating the depot there, after a process of options which I'll mention to you in a moment, you not only have the loss of probably the most significant employment site in Birmingham – some 55 hectares which Birmingham City Council themselves referred to at the safeguarding stage – but you also have the loss of the jobs which are going to occur in any event as a result of displacement for the HS2 works. For example, UK Mail has to be relocated, Cemex has to be relocated, as do part of Saltley Business Park – just under 40% of that has to go – so you lose 1,300 jobs just with the HS2 works to start with.

30. SIR PETER BOTTOMLEY: Sorry, you lose jobs in what sense?

31. MR ELVIN QC: Because of the HS2 works just for the line –

32. SIR PETER BOTTOMLEY: Sorry, the jobs move.

33. MR ELVIN QC: The jobs move out of the area.

34. SIR PETER BOTTOMLEY: And how many of the workers there live in the area?

35. MR ELVIN QC: The majority of the... Mr Roswell will deal with this, but the catchment is quite a narrow one. And the nature of the demographic means that most of them travel to work within a fairly short distance of Washwood Heath. And the

difficulty, for example, is UK Mail is being relocated over 20 miles away, which means unlikely it'll be re-providing jobs to those in the Washwood Heath area, unless they're prepared to move out of it.

36. So, part of the proposal here is to both retain the benefits of the HS2 depot and the employment of around about 640 people, though largely more skilled workers than those required for Washwood Heath. That job creation will be retained because, of course, it will occur wherever the depot is placed, but to retain this important employment site of around about 55 hectares at Washwood Heath.

37. Now, it's not just us that have said that Birmingham Interchange is a suitable option. Last year and the year before, an auctioneering exercise was conducted by HS2 itself, and perhaps I could... I'm afraid I haven't got the exhibit pages, but it's Exhibit 36. HS2 has produced in... I don't know whether Mr Mould can give you the page number.

38. MR BELLINGHAM: Mr Elvin, while you're dealing with that, you mentioned the number of jobs that will be created at the depot. What was the figure you put on it?

39. MR ELVIN QC: The numbers that the depot will create are around about 640.

40. MR BELLINGHAM: Yes. And we're talking about permanent jobs, long-term, not just –

41. MR ELVIN QC: Yes. No, we're not just looking at construction jobs. I can give you the figure. If the 55 hectares of Washwood Heath is developed – and it'll be explained to you, if necessary, in due course – the fact that Axa and Friends Provident only control part of it doesn't mean that the whole site can't be delivered. Indeed, it was at a master-planning stage when HS2, effectively, blighted the land. The reason the site is vacant now and nothing is happened is because there's a safeguarding direction on it.

42. You will see that this is a report which was produced – the final version – in April of 2013. Can I ask that you just be taken to page 16?

43. SIR PETER BOTTOMLEY: Is this the –

44. MR ELVIN QC: No, this is HS2's own study. Page 16 internally, Section 6, 'Summary and conclusions.' There we go. You'll see that work was undertaken – indeed, it says earlier in the report that they looked in detail at the comparison between Birmingham Interchange and Washwood Heath, and you will see, at 6.1.5, it is said to be a viable alternative to Washwood Heath as a depot location in terms of engineering and operations. At that stage, it was said it was £40 million more, but what you need to know is that it didn't factor in land-acquisition costs. Land-acquisition costs at Washwood Heath are considerably higher than they are at Birmingham Interchange. We estimate the cost differential is in the order of £100 million; that is to say, Washwood Heath is more expensive by at least £100 million than Birmingham Interchange would be.

45. Can I then just deal with the location of Birmingham Interchange? Mr Mould refers to the car park. The car park would be retained and there are two options that could be followed. As you see, HS2 accept it's a viable option. We could provide either surface-level car-parking to replace that removed from this, or a multi-storey car park could be provided. It would be a matter for detailed development. But what you do need to know is that this isn't simply going to be out on a limb; there is a proposal, as you may be aware, for development of this and a much wider site of at least 140 hectares to the west by Solihull and Birmingham called UK Central. It's very much... I think the term is 'visionary', which means long-term, but it is proposed that the whole of this area to the west of the line be redeveloped.

46. And indeed, Chelmsley Wood itself, although it's currently not proposed as part of HS2, if... Again, I do apologise but I haven't got the exhibit page numbers. Exhibit 25, if it could be put up, which is the UK Central master plan, can I just show you where Chelmsley Wood figures in all of this? The greater the reliance on technology, the slower everything goes. Unfortunately, we can't see anything I need to show you. The grey triangle is Chelmsley Wood, if that helps. There we go.

47. Now, the master plan is constantly evolving – it's changed again – but you see here, the Chelmsley Wood site, which is, essentially, that grey triangle to the north, is, in

fact, a future potential location for growth. And you'll also see that although it looks nice and green on the computer-generated images at the moment, where the proposed HS2 car park is, in fact this is an area proposed for intensive redevelopment in due course. And indeed, what you don't see either on the ES CGI is there's a massive landfill site just to the east as well. So, it's not a pristine area, if that's what HS2 is suggesting. It's an area which is prime for development, and we say Chelmsley Wood or Birmingham Interchange can properly be integrated, so that you save costs, you create more jobs, because the UK Central proposals, which are here in outline, are ones which are so unformed at the moment can readily accommodate a modern design depot along with the Interchange Station at HS2 itself, so that you have what you might call a win-win situation: you keep the job-generation at Washwood Heath, you save costs, but you still provide the necessary depot. And we say that the job creation at Washwood Heath would be of the order of 4,000 jobs, in addition to those which any depot will generate, whether it's located at Washwood Heath or at Birmingham Interchange or at Chelmsley Wood.

48. There's a question about greenbelt, and it tends to stir emotions, so I'll mention it briefly. Yes, Chelmsley Wood is greenbelt; yes, Birmingham Interchange is greenbelt, but Birmingham and Solihull have recognised they cannot provide for the future in terms of employment land without taking land out of the greenbelt. And one of the consequences which Birmingham itself referred to when it was making representations on the safeguarding directions is the loss of Washwood Heath means that to obtain sufficient employment land from Birmingham, whether it's on an allocated or a rolling basis, means more greenbelt losses. So, even taking Washwood Heath itself, which it may look and be a brownfield site – a former industrial site, a former rail site – it will require greenbelt land to replace it. So, there are greenbelt consequences wherever one looks, so, in our suggestion, it's not a matter which should exercise the Committee, because it's going to happen anyway. The question is: what is most cost-efficient and what is going to be best for local regeneration? And that is the basis of our petition to Parliament. If that's a convenient moment, I'll call Mr Byrne as our first witness.

49. CHAIR: Please.

50. MR ELVIN QC: I'm just going to ask Mr Byrne to explain, from the perspective

of the local constituency, what his concerns are with regard to the loss of Washwood Heath.

51. MR BYRNE: Thank you very much and I'm very grateful to Mr Syms for having me speak this morning, and I'm incredibly grateful to you and to the Committee for the effort that you've put in to actually go and visit the site and really get your minds around what's at stake here.

52. You know me – I'm not going to mince my words about this. The more I see of this plan, the crazier I think it is. My job – and, I think, the job of all of us in here – is to try and ensure that High Speed 2 is a boost for east Birmingham and not a battering for east Birmingham, and I'm afraid that the plans, as currently constructed, lose us a once-in-a-century opportunity to revolutionise the economics of east Birmingham.

53. I just want to touch on both the boost and the battering very quickly. I think that this site is one of the –

54. SIR PETER BOTTOMLEY: Sorry, if we could go back to the map of the site.

55. MR BYRNE: Yes, I think that would help us all. This site is, I think, one of the most important in the country. It sits between Birmingham Airport out in the west, and the city centre, and the M6 runs along the top. It is fantastically connected. The introduction of a high speed railway that cuts the journey time from International and the city centre down to Canary Wharf to 65 minutes unlocks incredible potential here. It would be great potential anywhere, but it's even more precious here because it's in the middle of what is the worst unemployment black spot in the entire country. So, this site sits at the junction of three of the most unemployed constituencies in Britain: Ladywood, Shabana Mahmood's constituency, which is just to the west of the site; my own constituency, where the site is actually contained; and Jack Dromey's constituency, which is just to the north of the line.

56. MR BELLINGHAM: That's Erdington.

57. MR BYRNE: That's Erdington, yes. So, our three constituencies are home to

40% of the entire unemployed constituency in the whole city of Birmingham. 40% of Birmingham's unemployment is in our three constituencies, and here is the opportunity to create a fabulously connected site that could be home to 4,000 jobs. Now, I first saw this opportunity when I lost the battle to save LDV. Although this site historically has rail connections, it's important for you to know that it's a manufacturing site. It was created by the great railway entrepreneur Joseph Wright in the 19th century. The great Herbert Austin then added in the early 20th century. At its height, four to five thousand people worked in the manufacturing industry on this site, building lorries and trucks and exporting locomotives literally all over the world. As the manufacturing industry has declined in east Birmingham, so unemployment in Ladywood, in Hodge Hill and in Erdington has risen.

58. When LDV went bust in 2010, it became possible for the first time in 100 years to put the site back together like a giant jigsaw puzzle. Hitherto, the site was divided between five owners: Cemex, UK Mail, Alstom and LDV. LDV occupied the strategic bit of the jigsaw puzzle in the middle. With LDV's liquidation, for the first time it became possible to develop the site holistically once again. And so, in 2010 and in 2011, I asked Birmingham City Council to start the process of master-planning, and there, I have to say, I was stunned to be told by them that holistic development of such a site, so well connected, could actually create 7,500 jobs. Now, it's been, I think, widely accepted now that that estimate was too high, but still the prize of creating 4,000 jobs in the worst unemployment black-spot in Britain is an enormous opportunity for us, I think, to seize. So, that's the boost that High Speed 2 could provide for east Birmingham and for Birmingham.

59. What has been proposed instead is a battering for east Birmingham. What this proposal from High Speed 2 will do is destroy 1,300 jobs almost immediately for the promise of 650 jobs in a decade's time, if we're lucky. So, on the site is UK Mail, on the site is Cemex, which manufacture most of the sleepers for the railway system in Britain, and just next door is the Saltley Business Park too. Those jobs will go very, very quickly if this current proposal proceeds, with the promise of creating 650 jobs at some point in the future. So, this is not really even jam tomorrow.

60. SIR PETER BOTTOMLEY: How large is the site altogether and how much of

the site would be released for other use after the construction?

61. MR BYRNE: The site is the size of 106 football pitches, so it's about 55 hectares.

62. MR BELLINGHAM: And how much will be released?

63. MR MOULD QC (DfT): 55 hectares is the overall size.

64. MR BELLINGHAM: And how much will be released afterwards?

65. MR BYRNE: 16 hectares in a decade's time. So, it's an absolutely – well, as you will have seen – enormous site. So, the loss of jobs in the worst unemployment black spot is a serious, serious issue, and I just don't think the prize of 650 jobs in a decade's time is much compensation. So, I think this is fundamentally misconceived, and the point is that there are alternatives. The alternatives that have been proposed by the petitioners this morning appear – and I'm not an expert but they appear to look substantially cheaper – up to £100 million cheaper, that we've heard. And the proposals which will be across the board in Solihull I think have actually now drawn the support for Lorely Burt, the MP for Solihull, too.

66. So, in essence, that's my case. Here is a huge opportunity that could be seized very quickly, and what we've got instead is something that is, I'm afraid, going to damage east Birmingham irreparably for at least another 100 years. Now, what's been of real concern to me and Mr Elvin is that High Speed 2 have been very difficult around this argument, and many of the arguments have been fundamentally misleading, I'm afraid. So, we heard consistently, over the last four or five years, that there was no real opportunity on this site because it hadn't been occupied over the last few years. That is fundamentally not true. This is the first time the whole site has come together for a century and, therefore, holistic development of this site has been impossible until now.

67. But I think worst of all, there has been no holistic assessment of the economic opportunity for developing this site. So, we've heard that there would be extra costs by moving the site to somewhere else, but nowhere has someone said, "I'm going to look at this from a taxpayer's point of view. I'm going to look at how much money would be

saved on lower unemployment dues in Birmingham. I'm going to look at how much new money will come in in business rates. I'm going to look at how much money will come in through wider economic development." No one has actually conducted a sort of 'whole of taxpayer' review of this proposal; we've just had a very narrow High Speed 2 assessment, without taking into account the wider benefits for the DWP, for Birmingham City Council's business rates, and the wider tax yield to the Exchequer.

68. I suppose the final point I would make, Mr Syms, is that, if this site goes, it doesn't just affect east Birmingham – it affects the whole of Birmingham. The loss of a third of the available industrial land in Birmingham, which is what is proposed here, will require Birmingham to claw back industrial land from the greenbelt. And the truth is most of the greenbelt in Birmingham is in Andrew Mitchell's constituency. So, Birmingham City Council – I promised I wouldn't mince my words – will concrete over vast amounts of Mr Mitchell's constituency if this site goes, destroying, actually, one of the most beautiful parts of our city. That is why my argument this morning is supported not just by Shabana Mahmood and Jack Dromey; it's supported by Andrew Mitchell and Lorely Burt as well. So, Mr Elvin, that's my case.

69. MR ELVIN QC: Yes. Well, the Committee will have Mr Mitchell's letter to the Secretary of State of 29 January at A109 in our exhibits. He takes an equally firm line, as you do. Can I just ask you one further question? You wrote a joint letter, which is at A103, and we don't need to put it up, on 14 December. Not only did you, Mr Dromey and Ms Mahmood sign that, but it was signed by a whole load of councillors. Who were they councillors for – which authority?

70. MR BYRNE: For the constituency of Hodge Hill.

71. MR ELVIN: Thank you. Mr Byrne, I've got no additional matters.

72. CHAIR: Mr Bellingham?

73. MR BELLINGHAM: What I'm really keen to drill down a bit on are the relative costs, because I think, with respect, you've put an extremely compelling case. What you are saying is not unreasonable, but you made it very clear there are alternatives.

What I'd like to really get a handle on is: what would be the relative costs of looking at the two alternatives that have been suggested so far, which is either Birmingham Interchange or the Chelmsley Wood options? So, have you done some work yourself on the relative costs? We had that figure of... In fact, I think Mr Elvin mentioned a moment ago about the £100 million. He said the cost differential by the time one's actually reconfigured it. I dare say Mr Mould will have some comments on that, but you mentioned a figure of £100 million, and that was in respect of, I think, Birmingham Interchange. What have you done on this?

74. MR BYRNE: I, myself, have not done a detailed study, but I have consistently asked, over five years now, for a presentation of the costs associated... the net cost-benefit associated with each option, and I have yet to see one holistic analysis that draws together the cost for High Speed 2, the upside to the Chancellor of the Exchequer in extra tax yield, the upside to Birmingham City Council in extra business rates, and the upside to Mr Duncan-Smith's Department in lower benefit bills. No one has presented to me an integrated analysis that puts all of that together; in other words, what will interest taxpayers in understanding. But what I have heard from the detailed studies that have been presented by the petitioners is that, first, there are alternative sites – that was obviously first base. But second, that those costs may be lower.

75. Now, you'll be able to cross-examine those business cases much better than I will, but I am deeply alarmed to hear headlines that the alternative sites might be up to £100 million cheaper to construct. Now, what High Speed 2 will say is that, "Well, it's not as simple as that because the trains have got to run an extra mile back along the track to be popped into the sidings if they're over here, and that's where they'll need to be housed for cleaning" and all that kind of thing, but my response to that is really very simple. If you think it is going to be more expensive, then let's see one analysis that looks at this proposition as a UK taxpayer. Let's see everything on the table. And you'll forgive me for saying this as a former banker, but I would like to see that cast in net-present-value terms, because I want to see what the costs look like as they unfold over the next 10 to 20 years.

76. And I suppose I know the Committee has got the devil's own job here, and getting these designs right is incredibly difficult. In fact, when the railways first came into

Birmingham in the 19th century, it was actually James Watt's son or grandson, then the owner of Aston Hall, who insisted that the railway line was rerouted in order not to cut across the lovely grounds of Aston Hall. Now, I'm not asking for Aston Hall to be protected; I'm just asking for economic upside to be maximised for east Birmingham.

77. MR BELLINGHAM: Thank you.

78. MR ELVIN QC: Mr Bellingham, one of my other witnesses has got the cost summaries, which we'll show you.

79. MR BELLINGHAM: Thank you.

80. CHAIR: I understand, Mr Byrne, that you want it relocated, but even looking at the concept drawings, HS2 have spread over a lot of the site, leaving, effectively, 16 hectares. If a proposal were drawn up to... 'squash them up' might be the wrong idea but for them to use the site more efficiently, so that released more ground, although it wouldn't be an ideal solution, that presumably would still be a better solution if it left more land, at the end of the day, for employment.

81. MR BYRNE: I've only got one objective, which is to see as many people in east Birmingham in jobs as fast as possible. And what I know is that the black line, as it were, that is cast at the moment is destroying the opportunity to get people back into work fast. We've already had a proposition to develop on the site 1,000 jobs turned away. That's heartbreaking for me – absolutely heartbreaking to serve a community like mine so desperately in need of work and to see propositions for 1,000 jobs at appropriate skill levels turned away now. So, of course, my chief objective is to get the site moved.

82. If your Committee concludes that, actually, this is the best location, then, of course, second best for me – and it is a distant second best – is to try and get the site as crammed in as close as possible and as quickly as possible, so that we can get on with the job of creating job on other parts of the site as fast as possible. But I have to say the notion that you would lock up the biggest development site in Birmingham as a construction yard, when you are surrounded by nearly 30,000 or 40,000 people out of

work, seems to be me absolutely crazy.

83. SIR PETER BOTTOMLEY: Can I just get a picture of how many witnesses we're likely to have and on what subjects? We'd like to concentrate on one. Can you give us an outline?

84. MR ELVIN QC: I'm calling Mr Garratt, who's behind me, on rail operational issues; Mr Roswell, who's just behind, who'll deal with the economic and job consequences; and Mr Rouse, who's sitting next to me, will deal with the planning and the market for the site and the planning ability to assemble the site.

85. SIR PETER BOTTOMLEY: So, we can spread our interests among them.

86. MR ELVIN QC: Yes.

87. MR MOULD QC (DfT): And you'll hear from two witnesses from me: one dealing with operational and railway matters, and one dealing with planning and economic matters.

88. CHAIR: Mr Mould, do you want to ask Mr Byrne any questions?

89. MR MOULD QC (DfT): I've got a couple. I promise it'll be pretty short. Mr Byrne, good morning. The first thing is I just wanted to make sure that you and the Committee understand what Birmingham City Council's current position is in relation to this site.

90. MR BYRNE: I understand it intimately.

91. MR MOULD QC (DfT): I'm sure you do, and it's just so the Committee have the same understanding as you do. If we can just put up, please, P1931, which is Exhibit 19. Of course, their views are significant because they are the local authority responsible for regeneration... for delivering regeneration in the area, aren't they? We know that, don't we, Mr Byrne?

92. MR BYRNE: We do. So, as you will know, Sir Albert Bore is a very strong supporter of my position that I've set out. Birmingham City Council, however, has got to take a whole-of-Birmingham view, and the truth is that High Speed 2's proposals in and around Curzon Street are so misconstrued and are so damaging that, in the scheme of the damage that High Speed 2 is currently proposing for the city of Birmingham, Birmingham City Council has got to make the devil's own choice about the kind of deal that it thinks it can strike with High Speed 2. And so, the truth is that Birmingham City Council has nuanced its position on this site because it prays it will get the right outcome on Curzon Street.

93. But let's be under no illusion: if Sir Albert Bore were sitting here, he would tell you that the proposal I've set out is the right proposal for Birmingham, and that is why he launched our manifesto on that site with me, with the commitment that we would maximise jobs on this site. What I don't want you to do is to leave the Committee with the impression that, somehow, the leadership of Birmingham City Council doesn't think the argument I've advanced this morning is the correct one. They have had to make political tradeoffs in order to mitigate the tragic damage High Speed 2 is currently proposing around the Curzon Street proposal in the centre of the city.

94. MR MOULD QC (DfT): We know that they didn't pursue any such complaint before this Committee. They accepted assurances from the promoter in relation to Curzon Street –

95. SIR PETER BOTTOMLEY: What you're saying is compatible.

96. MR BYRNE: Yes, and I think it's fair to say that Birmingham City Council – and I went through this political strategy with Sir Albert Bore, so we are very joined at the hip on this – Birmingham City Council is praying that the good faith that it has shown in the way that it's organised its approach to the Committee will be rewarded by, in return, constructive proposals in and around Curzon Street.

97. MR MOULD QC (DfT): And we have made good on that.

98. MR BYRNE: I hope that you will.

99. MR MOULD QC (DfT): But just look briefly at the letter. This is Birmingham's corporate position, as it were, as set out in a letter of 27 August. They raise a number of issues and concerns, including the impact of the proposal for the rolling stock depot at Washwood Heath. There were a number of meetings; assurances were given. I'm not going to go to those now, but we'll be able to look at them later, but they didn't appear before the Select Committee. Then they set out the assurances and summarised them insofar as they relate to Washwood Heath, and the essential message of that paragraph that's on the screen in front of you is that they've secured assurances about maximising the product of residual land available for development following completion of the scheme.

100. And if we turn to the next page, you'll see that in the last paragraph, "It was appointed by progressing quickly to get to the end of the construction phase at Washwood Heath", and then that last paragraph, I would suggest, is quite important, if you just look at that. One of the alternative proposals put forward by another petitioner is for a rolling stock maintenance depot to be located adjacent to the proposed interchange station within Solihull. The city council, both through the Greater Birmingham and Solihull Local Economic Partnership and in partnership with the other major landowners in the area, is a key stakeholder and supporter of Solihull's UK Central proposals, and it's working with Solihull to help bring forward the significant economic benefits that this initiative could bring to the region. 'For these reasons, the city council would not support the interchange station in the area as an alternative location for the rolling stock maintenance depot.' So the city council are very clear: it would regard replacing that part of the UK Central initiative with a maintenance depot as a retrograde step, isn't it?

101. MR BYRNE: Well, let's be very clear: the proposals on which this letter was signed – and I agreed this letter before it went in –

102. MR MOULD QC (DfT): You did?

103. MR BYRNE: Yes.

104. MR MOULD QC (DfT): Thank you.

105. MR BYRNE: Because the proposals on which it was based were sketchy and high-level, and the truth is that nobody has developed holistically detailed plans for UK Central that could show how a rolling stock maintenance depot, integrated into a wider development, could be constructed in a way that maximises jobs. And so *Mr Chansford* has no choice. Based on the very high-level designs that are currently on the table, he would have to conclude in the way that it has, but the point is, the opportunity that's being missed is a thorough and detailed development of a plan that maximises jobs on that site.

106. Now, what Mr Chansford has to do is to basically look at some high-level plans that are on the table and say, "Right, bottom line, what's our current estimate of which creates the most jobs?" If a proposal that was developed in detail showed that this would create more jobs, then of course, that would be the choice that Birmingham City Council went for. But what's been so frustrating about High Speed 2's approach over the last five years now is a refusal to go into any kind of detail around alternatives. The site was chosen – let's be honest – by looking at a map at 20,000 feet and saying, "That looks like a bunch of old railway sidings; let's put the site there."

107. No work was done on levels; no analysis was done of the wider economic impact; no detailed design work was done on alternatives, and now High Speed 2 has locked itself into a position which, foolishly, it's trying to defend, rather than thinking constructively about different options that might actually maximise the economic value and the job creation for the greater Birmingham area. So I guess, in summary, what I'm saying is: don't, before this Committee, rest heavily on this argument, because actually, it's a very flimsy argument.

108. MR MOULD QC (DfT): I've shown you the letter, and I've showed the Committee the letter. One other thing I wanted to show you, because it goes to the point. The nub of your argument is about jobs. If you turn to P132(12), please, which is our PowerPoint presentation the Committee will be shown later? Just to give you and the Committee what we say are the key figures on jobs. Mr Elvin's mentioned an overall predicted output of 4,000 jobs for the overall Washwood Heath site. We're

broadly in agreement with that; we're at 3,700. There's not a significant difference. And what we've done on this slide is to work out what the product would be, and the net difference, if you assume a depot on the site rather than no depot on the site.

109. So what you see here is that the depot would generate 640 jobs, many of which would be skilled jobs, which, I suggest, would be beneficial; an opportunity to skill the local workforce. The potential job creation from the 16 hectares that's residual, using broadly the same approach to estimations as the petitioners, we get to just over 1,000. Total job creation from Washwood Heath with depot is 1,727, and so the net difference in terms of job creation opportunities between the no depot world and the depot world is just under 2,000 jobs. So that's the balance that, I suggest, the Committee needs to focus on. You get an employment development of the site as a whole, because the depot is an employment-generating facility in its own right. You get less jobs, but you get an overall development of the site, bringing the site, overall, back into productive, employment-generating activity, whether you have a depot here or whether you have a depot elsewhere. That's the true position, isn't it?

110. MR BYRNE: What I love about this slide is that it totally ignores the 1,300 jobs that are destroyed over the next year and a half. What I love about this slide is it does not have a time dimension to it, and what I love about this slide is that you're admitting for the first time that you are at least destroying the potential to create 2,000 jobs. Now, I have spent five years asking the Department for Transport to give me their estimate for the number of new jobs which they think could be created.

111. Now, I got the work undertaken by Birmingham City Council which revealed the upside could be up to 7,500 jobs. Why? Because putting the site back together creates all sorts of new options, because there's different access facilities, and market it to a different kind of customer. Deloitte Consulting, I think, was then hired to pooh-pooh that analysis, and then finally, about two months ago, the Minister had to admit that the DfT's estimate was that 3,700 jobs could be created on this site. Now, you are trying to present the Committee a picture that ignores the 1,300 jobs that will be lost over the next year or two; that has no attempt to look at when these jobs might actually arrive; has no attempt to look at the extra business rates; has no attempt to look at the lower benefit bill, and has no attempt to look at the extra Exchequer. If I wanted one exhibit that

proved High Speed 2's negligence when it comes to getting this proposal right, that would be my Exhibit A.

112. MR MOULD QC (DfT): Okay. Well, I'm not going to defend the charge of negligence with you. We don't accept it, but that's all I wanted to show the Committee in relation to that.

113. CHAIR: Could I ask, Mr Mould: the balancing pond, which seems to take up quite a lot of the site – I know there's some necessary reason for them, but would that be in the 16 acres going back?

114. MR MOULD QC (DfT): No, that would be excluded. The 16 acres is a net that is left over from the completion of the final work, so that's part of the permanent scheme.

115. CHAIR: Because they seem to be taking out possible industrial land as well.

116. MR MOULD QC (DfT): In essence, yes. That's right.

117. SIR PETER BOTTOMLEY: And the assurances given to Birmingham City Council, which is part of the reason why they withdrew their petition – has the work suggested there on the amount of land needed for the development and ponds, has that been done, or is that in progress?

118. MR MOULD QC (DfT): That's not been done. That is work that is to be done. You've obviously seen the assurances that we've given in relation to that.

119. SIR PETER BOTTOMLEY: They're referred to in that letter.

120. MR MOULD QC (DfT): And we can show you the particular assurances, if necessary, later.

121. CHAIR: Okay, right.

122. MR ELVIN QC: A couple of short points, Mr Byrne, if you wouldn't mind. Can

we just do the arithmetic, keeping that table up there?

123. SIR PETER BOTTOMLEY: Could you just read the four words at the top?

124. MR ELVIN QC: Washwood Heath site with RSMD?

125. SIR PETER BOTTOMLEY: No, the development potential is what I've got in front of me.

126. MR ELVIN QC: Oh, development potential.

127. SIR PETER BOTTOMLEY: So we're not talking about the present site. We are talking about the future.

128. MR ELVIN QC: Exactly. So can we just net off the 1,300 jobs that are lost?

129. CHAIR: Lost, or moved?

130. MR ELVIN QC: Lost to the area.

131. MR BYRNE: This is a really important point. UK Mail employs principally subcontractors; typically men in white vans that live in and around the area, so relocating their site 20 miles away would be a loss of those jobs. Cemex, again, very frustrated that High Speed 2 have not engaged properly. Cemex makes railway sleepers, most of Britain's railway sleepers. It's a very specialist need. There isn't another site nearby for those jobs. People on Saltley Business Park basically work in and around the area, so those jobs would actually be lost, not just to Washwood Heath; they'd be lost to East Birmingham, in principle.

132. MR ELVIN QC: Sorry, could we go back to the P132(12)? If we could just go back. The total job creation, the net difference is the net difference without RSMD, but if we take the 1,727 and we take off the 1,300, that leaves us with plus 427.

133. MR BYRNE: Correct.

134. MR ELVIN QC: Can we do the figure without RSMD? That's 3,900, minus 1,300; that's 2,600, so we've got a difference in fact of 2,200.

135. MR BYRNE: Well, no, because you'd obviously preserve the existing 1,300 jobs, but 3,700 would be in addition to that. But the key point is that they would be early and secure, rather than in 10 to 12 years' time and not as secure.

136. MR MOULD QC (DfT): It is very important, if I may say so, not to misunderstand that particular point you've just made, because the UK Mail and Cemex jobs have to be displaced in order to build the railway line. They will be displaced.

137. MR BYRNE: No, that's not true, because they could be relocated to the other half of the site.

138. MR MOULD QC (DfT): That's our position.

139. MR ELVIN QC: But similarly, of course, the 640 the depot would create would be created elsewhere and not at Washwood Heath, so they're not lost, either. Mr Byrne, just a final point? You talked about your working hand in glove with Sir Albert Bore and Birmingham. Can we just put up A104 please, which is a letter that you and Sir Albert Bore wrote jointly in response to safeguarding directions last year, just so that the Committee can see how that links in with what you said this morning? A104, please. And if we just flick to the second page, please, we can see it's signed by you and Sir Albert Bore and the leaders of the various groups within the council. Can we flick back, again? And we see that this is made last year in response to the safeguarding directions. We can see, in the third and fourth paragraphs – we don't need to read it out – the concerns about the impact on the green belt; the concerns about impacts on areas of high unemployment and deprivation.

140. MR BYRNE: Correct. All of us agree that destroying 1,300 jobs in the worst unemployment black spot in the country over the next year or two is unwise. It would be better to maximise jobs on that site in the short term.

141. MR ELVIN QC: Mr Byrne, thank you very much.

142. MR BELLINGHAM: Mr Byrne, one question, very quickly. In the second paragraph, you say in the letter, 'We would welcome the opportunity to meet you to discuss some of these concerns. Did you meet Secretary McLoughlin?

143. MR BYRNE: Yes.

144. MR BELLINGHAM: And so all the points were put to him and lodged? Thank you.

145. CHAIR: Thank you very much, Mr Byrne, for taking the time to give us your robust views. Much appreciated. Mr Elvin, who have we got on next?

146. MR ELVIN QC: Mr Garratt is next.

147. CHAIR: Okay. Thank you.

148. MR ELVIN QC: Sir, before I deal with Mr Garratt, can I raise one matter of logistics, which I hope we can deal with without wasting Committee time? The summary document which you saw with those employment calculations is a document that was provided to us on Monday evening. It contains a lot of points that haven't been raised before with regard to operation and costings. I've discussed this with Mr Mould this morning. There's reference to a comparison report which hasn't been disclosed to us yet, although it's going to be provided to us today, so we've had no opportunity to look at it. Rather than take up your time, I'm only going to ask Mr Garratt to deal with some high-level points, and perhaps the simplest way not to take up Committee time unnecessarily is for us to put in a short note when we've seen the report?

149. CHAIR: Are you happy, Mr Mould?

150. MR MOULD QC (DfT): Absolutely fine.

151. CHAIR: That seems sensible.

Axa Real Estate Investment Managers Ltd

152. MR ELVIN QC: Thank you. In that case, Mr Garratt. Sir, I should say that Mr Garratt, as with all the other witnesses, has provided detailed written evidence, and appreciate you don't want any of that read out. I saw your comment on Monday as well. Can I also just say, just so you have the essence of what's being said, our exhibits at A73, A75 and A77 – each of the witnesses produced a two-page distillation of their points. Again, I'm not going to read that out; you've got those documents, but I just thought I would refer to them so you know they're there for a distillation of the case. Mr Garratt, rather than running through of those points, can I firstly just ask you to explain to the Committee who you are and what your experience is, please?

153. MR GARRATT: Okay, my name is Mike Garratt. I'm managing director of a small consultancy called MDS Transmodal, and I have expertise in ports, rail and shipping. I do a lot of work in the railway industry. I'm responsible for the current national rail freight forecasts, and a lot of my work is dealing with new depots, mainly freight, across the network.

154. CHAIR: Thank you.

155. MR ELVIN QC: Mr Garratt, can I just take you through some key points? The first is the identification of the Washwood Heath site, and its comparison with Birmingham Interchange; how that came about, briefly, and what conclusions it leads you to. So how was Washwood Heath identified as the depot site?

156. MR GARRATT: HS2 conducted exercises in 2009/10 which is reflected in their document, *Rolling Stock Maintenance Depot Selection*, in which they looked at a handful of sites. After they'd excluded two or three which were already occupied by the railway industry, they came up with just five, which they compared. They were particularly concerned about avoiding green-field sites. The five sites in their map were places called Middleton, Elmdon, Berkswell, Coleshill and Washwood Heath. It did not include the site we're talking about as Birmingham Interchange, and effectively, they chose Washwood Heath because it was a brown-field site.

157. MR ELVIN QC: So that was a search of only a handful of sites. The exercise was done again in 2012/2013.

158. MR GARRATT: That's correct.

159. MR ELVIN QC: And the document which the Committee's already seen part of at Exhibit 36. Can I just ask: were representations made by Axa during the site selection process as to alternatives in 2012?

160. MR GARRATT: Yes. In my view, this exercise came about because Axa approached HS2 in early 2012 to propose alternative sites, and to really question whether Washwood Heath was the only possible option. Together with Savills, who will give evidence later, we presented a report to HS2 in July 2012, examining a number of alternative sites to the east of Birmingham, one of which is Birmingham Interchange. And we fleshed that out in detail to demonstrate that it could, in practice, be developed as a depot, because you'll appreciate that railway geometry's very taxing and constraining, so you really have to look at a site in detail to demonstrate that it is feasible.

161. There was then a silence from HS2 for the next eight or nine months, and then they produced three reports, one of which is the one we've just seen – the locations options report – in which they had identified a total of 86 sites, and gone and done the job properly, so to speak, doing a thorough sift of a large number of sites, and out of all those sites, they concluded that Washwood Heath was still their favourite, but second one was, indeed, Birmingham Interchange, which hadn't been in their original list before.

162. MR ELVIN QC: Chelmsley Wood wasn't considered as part of the exercise?

163. MR GARRATT: That's correct.

164. MR ELVIN QC: And at that stage, was the scale of the depot the same as is now being presented to Committee? Were they looking for a depot of the same design and

scale, or was it different?

165. MR GARRATT: No, it was quite different. In the original search for sites – that is, the 2010 exercise – it is said that HS2 were looking for a site of 1,800 metres by 500 metres; that is, 90 hectares. In fact Washwood Heath, as you’ve heard a few minutes ago, is only 55 hectares anyway, so it fails on that test. There is another factor to bear in mind, however. After the submission of our report in 2012, HS2 went through a refinement exercise that re-examined the route, and there were significant changes in the Washwood Heath area. In 2012, the plan had been to develop Washwood Heath next to an at-grade railway, so that you have direct connections to East and West, and that’s one of my exhibits.

166. I made the point in my report in 2012 that that was a satisfactory arrangement. My job at that stage was not to criticise Washwood Heath, but to identify alternative sites. However, by the time the 2013 locations report came out, HS2 had redesigned the grid to tunnel to the east of Washwood Heath, so that it was impossible to make a level connection with the proposed depot site out Washwood Heath itself. So the connections to the Washwood Heath site could only be pointing westwards towards Curzon Street, so we’d only have one way in, so to speak. And that is where the route is further designed to create two reception tracks, which are being built on part of what is now Saltley Business Park, which is why further jobs are being lost as a consequence of that.

167. MR ELVIN QC: What’s the consequence of changing the access arrangements in terms of the flexibility and resilience of Washwood Heath; say, compared to what you could do at the interchange?

168. MR MOULD QC (DfT): It’s probably sensible to have up 215(2), I should think.

169. SIR PETER BOTTOMLEY: When it’s up, it shows where the reception tracks are.

170. MR ELVIN QC: It might be easier to follow than the diagrammatic versions.

171. MR GARRATT: Actually, the reception tracks that I’ve just referred to, which

now occupy part of Saltley Business Park, are actually to the left of this drawing.

172. MR MOULD QC (DfT): 104(1), please. I was trying to avoid the schematic, but –

173. SIR PETER BOTTOMLEY: Sorry to interrupt the flow.

174. MR GARRATT: Right. Yes, this is HS2's version; I have a similar version. You can see to the right of this diagram the dotted lines where the main line goes into the tunnel. The arrangements now being proposed clearly show that the Washwood Heath depot, which is the sum total of a maintenance shed and two groups of stabling sidings, are parallel to the main line, but the connection to the main line is only to the west of those locations.

175. If I can just elaborate a little bit further – and you can ask the HS2 witness as well – HS2 say that trains will all run into Curzon Street, whether they are trains on the London to Birmingham route or have come from elsewhere for maintenance; run into Curzon Street, turn, and then return through those tracks – which are shown as having washers on them – into the stabling sidings, and then you can see subsequently can be moved by extra shovelling routes into the maintenance shed. Subsequently to the early 2013 report, HS2 appear to have re-examined this decision and decided – and I can point to some text in support of this – that a further connection, next to where it says “stabling” on the main line, should be created to avoid congesting the route, and so that extra line was developed, but you will see that in order to get into the stabling and maintenance shed, they all have to go into those reception tracks with the words “carriage washers” on them in order for them to turn and go back in the opposite direction.

176. SIR PETER BOTTOMLEY: By turn, you mean reverse?

177. MR GARRATT: Yes, sorry. I mean reverse. So I would regard this as a depot which only connects to the waste, in contrast to the previous arrangement.

178. MR ELVIN QC: And in terms of its flexibility and resilience, how does that compare if we take the proposed arrangement at Birmingham Interchange, which is

A74(6)? This is your diagram.

179. MR GARRATT: Thank you, yes. Well, the principle of this is that the Washwood Heath arrangement is over a flat junction. So if you can just reflect back on what you've just been looking at, trains which have gone into Curzon Street and are then reversing and coming back again have to cross the tracks on the flat, which is carrying the trains still coming into Curzon Street. So there's a conflicting movement there, which is, I think, unfortunate. I'd like to just quote, if I may, from the report you've already had quoted to you, the locations report.

180. MR ELVIN QC: That's Exhibit 36.

181. MR GARRATT: Sorry, that's HS2's Exhibit 36. And they went through this comparative exercise and said, at paragraph 5, 2.7, "The major benefit of all the options at Birmingham Interchange is that they provide great separated access for HS2 up and down into the depot. There are no flat junction crossings of HS2", which I take to mean none elsewhere. "The Washwood Heath site only has access onto the HS2 down, with a flat junction to the up at the east London end of the depot, requiring bi-directional main line running into Curzon Street during the peak." Which, by the own words, to me, is rather critical. But you can see the interchange options, and I have to say, the access arrangements we're proposing here at the interchange are precisely the same access options which are included in the HS2 report that I keep quoting on. And you can see the drawings for that further on in that report.

182. MR MOULD QC (DfT): It's P218.

183. MR ELVIN QC: Hang on a second; I think it's being put up. If we can just see the paragraph? That's correct. Yes, that's the paragraph at the top.

184. MR GARRATT: 5.2.7.

185. MR ELVIN QC: 5.2.7 is that conclusion on operational flexibility. So you have that flexibility, and the position at Chelmsley Wood – A74(8), please; Exhibit A74(8), which is your other –

186. MR GARRATT: That's right. Chelmsley Wood – our proposal there is to use the existing Birmingham Interchange passenger platform tracks, so that trains would run into tracks parallel with Birmingham Interchange station, reverse, and then run back into the Chelmsley Wood site, using a grade separated facility, so, again, there's no conflict with the running tracks.

187. MR ELVIN QC: So both Chelmsley Wood and Birmingham Interchange operate off a graded, separated flexibility, and avoid the potential congestion or conflict?

188. MR GARRATT: That is correct.

189. SIR PETER BOTTOMLEY: But I think I'm right in saying that you've got trains running every three minutes or two after Phase Two on the main line, and you've got trains running every 20 minutes into Curzon Street.

190. MR GARRATT: I didn't say that, sorry.

191. SIR PETER BOTTOMLEY: No, I'm saying that.

192. MR GARRATT: Oh, yes.

193. SIR PETER BOTTOMLEY: 18 trains an hour, each direction. I've averaged it as three minutes; it's simple.

194. MR GARRATT: Yes, that's correct. So the question is, would one be able to find the paths on the main line?

195. SIR PETER BOTTOMLEY: And you have to have grade separation on the main line; you don't have to have grade separation, although it's desirable, on Curzon Street.

196. MR GARRATT: Yes. That's absolutely fair; what I would also like to point out – I'll just double-check – is that I have checked that there is capacity on the main line to accommodate the additional rolling stock movements. HS2 don't seem to have ever

raised that as an issue, but that exercise is in my paper.

197. MR ELVIN QC: Now, the point HS2 does make – perhaps you don't need to go back to the location plan – is there will be a greater amount of empty run-in between the depots if they're located at Birmingham Interchange and Chelmsley Wood, which are virtually adjacent to each other, as compared with Washwood Heath, which is closer to Curzon Street.

198. MR GARRATT: That's correct.

199. MR ELVIN QC: What do you say to the Committee on that? Is that a matter of concern?

200. MR GARRATT: It's only a matter of small concern, in my view, because if we think about the long-term use of this site, which'll mainly for hidden maintenance of the entire network, I make it from the circulation plans HS2 have produced that only a quarter of all the trains will be running in and out of Birmingham, and three-quarters on other routes, so that a maintenance facility at the junction of the two branches, so to speak, at Birmingham Interchange has actually reduced the running distances for maintenance-based stock. For stock which is to be stabled at Washwood Heath – this is on the Birmingham-London route – yes, that would extend the distance. However, the extra costs of doing that, I think, are definitely small, relative to the different capital costs we've been looking at.

201. CHAIR: So what you're saying is that the traffic which would be going to Leeds or Manchester or whatever would not have to take the spur?

202. MR GARRATT: It's more of a diversion, that's right, if you're going to Birmingham, and I don't think it's that unusual to expect trains to run significant difference between a maintenance yard and its first point of call.

203. SIR PETER BOTTOMLEY: And the bigger point, surely, is the off-peak stabling, because that's half the trains, half the day.

204. MR GARRATT: Yes, that's right. And it's HS2's strategy – I guess you know this – to run two train sets at a time in repeat from Birmingham to London, and, of course, those trains' capacity's not required then in the off-peak. However, with nowhere to park the trains in London, the proposal is to bring those extra sets back as part of a revenue-earning trade to Curzon Street and then put them into Washwood Heath, and that's that extra business. My view is that those train sets could be left in Curzon Street. Now, I'm sure HS2 have different views on that, but we're now starting to dictate the rationale around Washwood Heath around what to do with some train sets you haven't got a home for during the off-peak. It seems to me a little bit strange, but even taking that into account, the extra operating costs in my view are small by comparison with the capital costs you've just been hearing about.

205. SIR PETER BOTTOMLEY: Can I ask a slightly more overarching question? First in our minds, obviously, is whether the depot should be at Washwood Heath or it should be on the main line.

206. MR GARRATT: Yes.

207. SIR PETER BOTTOMLEY: A second is the capacity, mainly for the stabling. The maintenance you need anyway, somewhere. For the stabling, are we supposed to be concerned about whether there's too much stabling if it is at Washwood Heath, because you could use Curzon Street for leaving the trains, or is that not something that's going to us?

208. MR GARRATT: I didn't want to make the argument for Birmingham Interchange predicated on that argument, but I think it's an important aside, yes. Because Curzon Street, as built during Phase One, will have seven platform places; the ability to hold 14 train sets, but the actual train operations will only require two or three platform places. So there is actually room to leave the train sets at the off-peak at those platforms.

209. MR ELVIN QC: Thank you, and in terms of the relative costings, have the costings of the extra empty running from Curzon Street to Chelmsley Wood or to Birmingham Interchange been undertaken?

210. MR GARRATT: I made an estimate. HS2 produced in their documentation a cost figure of £7.21 per train set, long-term, so I've used their own figure to make an estimate. I've looked at Phase Two in this context, because that seemed to be the worst case, and in Phase Two, other documentation that HS2 produced suggests that, I think, of 32 trains arriving at the depot, nine would have come from other than the Birmingham-London route, and therefore it's a shorter distance to Birmingham Interchange. So taking those two factors into account, I concluded that extra operating costs to Birmingham Interchange, mainly as a consequence of those stabling movements, would be an extra £600,000 a year.

211. SIR PETER BOTTOMLEY: This paragraph 2.7 on page 85 is your evidence?

212. MR GARRATT: That's right.

213. CHAIR: On the Washwood Heath park and maintenance yards, there's the control centre. Presumably, that would be there for the jobs, but that could go anywhere. That could go to Curzon Street; that could go to Chelmsley Wood; that could go to Interchange, go to London, whatever.

214. MR GARRATT: Absolutely. When this debate was at an earlier stage, the figure that was being quoted was the depot was 300, not the 640 we're at now. And that was for the depot itself, which is a reasonable figure to maintain 60-odd train sets.

215. CHAIR: Okay.

216. MR ELVIN QC: Now, can I just deal with the question of costs overall? And you produced a table at your paragraph 5.1 in A84.

217. SIR PETER BOTTOMLEY: 21 at the top, but page 102 at the bottom.

218. MR ELVIN QC: It's A84, page 21, or 102, depending on which you take. While that's being put up, can I ask: how have the cost estimates been formed? Who has been doing them? Have they been done by professional costers, consultants, or –

219. MR GARRATT: Yes, the capital costs have been estimated by the quantity surveyors, Sweett, who have taken measurements from our drawings and HS2's drawings as relevant; lengths of track, road, and so forth. The land acquisition costs, which are the line five from the bottom, have been estimated by Savills, and Mr Rouse can talk to those later, and I made the estimate on operating costs on a lifetime basis. Elsewhere, HS2 have been using a multiple for train sets of multiplying an annual cost by 20 to turn into a lifetime cost that might simply be the same.

220. MR ELVIN QC: So they've been capitalised in the –

221. MR GARRATT: Correct, yes. So this is our version of a like-for-like.

222. MR ELVIN QC: Sweett's first report – it's in your appendices; we don't need to go to it, but was it provided to HS2?

223. MR GARRATT: A version of it was, yes.

224. MR ELVIN QC: But we can see there the page put up, and we can see the overall capital cost estimates, and that reflects the inputs from those consultings.

225. MR GARRATT: That's right. The Sweett exercise is highly detailed, down to the costs of a washing unit, the cost of a lathe; whatever it might be.

226. MR ELVIN QC: And that comes out as, we say, Washwood Heath at 460.8 million, Birmingham Interchange at 305.6 million; Chelmsley Wood at 335.3 million?

227. CHAIR: Is that just for the maintenance depot, or with the control centre as well?

228. MR GARRATT: It includes access roads; it was an attempt to do an absolute like-for-like.

229. CHAIR: Like-for-like.

230. MR GARRATT: Yes, because if I can just make this further point: of course, as

has been pointed out, what we would propose at Interchange would be to replace a car park with a train park, and so the car park would need to go somewhere else. And we've got drawings to demonstrate what we would propose there, and that is what has been measured and costed by Sweett.

231. CHAIR: Okay, thank you.

232. MR ELVIN QC: Without putting it up, and not going back to it physically, but we go back to the options report by HS2 in April of last year, the Exhibit 36 report. They were content to assume that the costings for the operational side of a depot would be broadly the same at both locations.

233. MR GARRATT: That's correct; they made that point, but of course, they also made the point – or assumed, or did not choose to examine, the value of the land in that report. So while they say, "It will cost something like £40 billion", largely, or in fact almost entirely to the advantage of grade separation, they did not consider land values.

234. MR ELVIN QC: Can I just say we've noted it? The capitalised costs for the extra empty running from Curzon Street, we see that in the penultimate line: "Net rail operational lifetime costs, 12.2 million capitalised for the interchange; 18.3 capitalised for Chelmsley Wood."

235. MR GARRATT: That's correct.

236. MR ELVIN QC: Thank you. Now, HS2 have now, in their latest document – the PowerPoint that we were looking at in terms of the jobs – raised certain operational concerns, and it may well be Mr Mould may put a couple of questions on that to you, or he may raise it with his witnesses. Now, this is where the comparison report comes in Mr Garratt, and it may be we'll deal with the detail of anything that's relevant in the notes that I've already mentioned. But can I just ask you this – and perhaps it can be put up? It's 213. Let's just look at the summary that's put forward. Technical design issues, which is 213(23). This is criticisms of the Interchange.

237. MR GARRATT: In their –

238. MR ELVIN QC: In their document.

239. MR GARRATT: Page?

240. MR ELVIN QC: 23. Well, it's P213(23). And I don't want you to go through this in vast detail, but I want to give the Committee your overall assessment, and we can put any response when we've seen the comparison report in the note.

241. MR GARRATT: Oh, to go very rapidly through these?

242. MR ELVIN QC: Yes, just to give the Committee your overall view as to whether you agree with the assessment of the technical design issues that arose there.

243. MR GARRATT: Okay. Well, depot offices, it depends how much storage they have.

244. MR ELVIN QC: Sorry; I specifically said I didn't want you to go through the detail. Perhaps I can ask this question: are there any show-stoppers in the technical design issues which would prevent a scheme being drawn up which would work satisfactorily from the HS2 point of view?

245. MR GARRATT: Not that I can see, no. We have different views on design, and indeed, in the documentation that arrived on Monday night, there was a further report in which HS2 have produced another option, which they call HS2 Interchange, in which they have made certain suggestions; effectively, variations on our design, based upon their experience. And they've been looking at this full-time, and I don't doubt that they have good ideas to bring, and if you compare theirs and ours, it seems to me that there are no show-stoppers that I can see.

246. MR ELVIN QC: Thank you. As I say, any detailed matters we'll put in the notes, rather than grinding through points one at a time. I'm very happy to – you don't enjoy having that. Can we then go to the similar page for Chelmsley Wood, which is P213, page 30, please? And can I ask you the same question?

247. MR GARRATT: Yes. Well, I'll just draw attention to a couple of points, looking at the Chelmsley Wood track layout on 28.

248. MR ELVIN QC: Yes, if we go back to page 28.

249. MR GARRATT: Which is easier to take on board. If I can take each of HS2's five comments, which are arrowed, the issue of where you place the carriage washers is a point that keeps arising. One option, which HS2 prefer, is to put the carriage washers on the entry tracks, so that there are no additional movements once the train has been washed. My view would be that that is something else that can go wrong; a very sensitive point, so that's why we've been placing them differently. One wheel lathe – well, there is no problem providing a second wheel lathe track in our layouts, because we've used a slightly wider interval between tracks, in any case, so we've left them with a little bit more space.

250. The third one – the almost-costed section of track – again, I don't see that as significantly different to the arrangements at Washwood Heath. The 4% grade at limited technical acceptability – this applies also to the Birmingham Interchange – we have used exactly the same design that HS2 put forward in their 2013 document in that respect. And the reason that it is so steep – it's 3.5%, not 4%, by the way – is because of a particularly generous interval between tracks crossing each over of 11 metres. I think eight metres is quite sufficient for an underpass as the difference between two tracks. The “connections technically unacceptable”: we think we've drawn connections there which are identical in layout to the eastern end of the reception tracks at Washwood Heath, so we don't quite follow that.

251. There is another point that was made with respect to Chelmsley Wood about I'm not following Group Standards in the way the gradients have been arranged, and I'd invite HS2 to point out where in Group Standards – which is an official document – we have gone astray, because I can point to a depot elsewhere recently built in the UK which corresponds to the philosophy we've adopted in terms of which tracks have to be flat and which tracks don't have to be flat.

252. MR ELVIN QC: Thank you. Just to put up – just so you can make your comment on it and we'll deal with the details in the note – page 35, the comparison of annual operating costs. First time we've seen these figures. We see they're considerably different from yours. They're put as additional annual operating costs in excess of a million and two million, depending on which phase you're looking at. Have you seen the background work that has gone into those?

253. MR GARRATT: No, I have not. I can guess that they assume that all of the trains go into Curzon Street and come out again from this respect, rather than capitalising on the opportunity of reducing the running time and distance for those trains which didn't start at Birmingham, but other than that, I've not seen those numbers.

254. MR ELVIN QC: Well, again, we'll make that the subject of the note.

255. SIR PETER BOTTOMLEY: Is this on the basis just of the first phase, or does it include the second phase?

256. MR ELVIN QC: These figures here have got both, Sir Peter. If you look, you can find Phase Two as well. And there's a comparison on capital costs we ought to touch on, page 38 of the same document, please. And again, are these figures that have been provided to you in any of the meetings you've had to date?

257. MR GARRATT: No. We've been sharing a lot of information, and these have been new to us Monday night. I am very surprised by them: they don't really correspond to what HS2 wrote in that 2013 report either, and I'm sure Mr Rouse will comment on this, but the land acquisition cost for Washwood Heath of only 16 million strikes me as most strange.

258. MR ELVIN QC: It may be that it's predicating a total cost, and then you deduct how much the 16 hectares that's handed back is worth, but we haven't seen the workings that go with this at this stage.

259. MR GARRATT: That's absolutely true.

260. MR ELVIN QC: Yes. Well, we'll have to leave that, again, to the detailed note. Mr Garratt, are there any other points in relation to the HS2 material that came in on Monday, in terms of general points that you wish to make to the Committee, just so that you've covered the sort of headline points?

261. MR GARRATT: Just one point. One of the documents – and I struggle to find which one it was – was a comparison or a critique or a listing of existing depots which are operating in the UK, suggesting that it is normal for depots to be very close to terminating stations, or principal stations.

262. MR ELVIN QC: And have you looked at that?

263. MR GARRATT: Insofar as I could. I had only a few hours to look at it. Evidence number?

264. MR MOULD QC (DfT): P207.33.

265. MR GARRATT: Thank you.

266. MR ELVIN QC: Yes, that's this document.

267. MR GARRATT: And it concludes at the bottom that on average, the distance in miles between a depot and a principal station is 3.7 miles. But the problem is making like-for-like comparisons in this respect. So I rapidly looked at those with an asterisk – i.e. those which are new – and then thought about which were comparable, and concluded that the first two were the most comparable, in that they deal with trains running north of London and on long-distance routes.

268. Well, the Grand Central example is quite small, so I went for Central Rivers, which is a depot at a place called Barton-under-Needwood just south of Burton-upon-Trent, which is where the Cross Country trains are maintained. It's perfectly true – well, I presume it's true – that it's 14.6 miles from Barton-under-Needwood to Birmingham New Street. However, we looked at Network Rail records for a recent day as to how far trains actually run from that depot to their

first revenue-earning job of the day, and it's 48 miles, because they go to a wide number of places. So the idea that you have to have a depot right next to where your station is, if you like – your first station – is, I think, misleading. The economics of a depot operation are sufficiently important, relative to the costs of running empty, to get to a wide range of places, reflected in that quite recent decision. I mean, it's a new investment.

269. MR ELVIN QC: So, the difficulty with this table is it doesn't tell you what the difference is to average start of revenue earning.

270. MR GARRATT: Correct. It just tells you "principal station", whatever that might mean, but we actually did measure all of the trains yesterday for what we thought was the best example.

271. SIR PETER BOTTOMLEY: Can I just ask a follow-up question, which you may be coming to? What speed are the trains supposed to be running on the main line?

272. MR GARRATT: On HS2? Well, 360 kph.

273. SIR PETER BOTTOMLEY: And what speed can you divert off to a maintenance depot? If I'm coming on the main line and I want to go to the maintenance depot, or shed, what speed can I come off the main line?

274. MR GARRATT: It depends where you're making the connection. If it's far enough back and you've got a long enough run-up, maybe 230kph.

275. MR ELVIN QC: I think Mr Mould would agree.

276. MR MOULD QC (DfT): Yes.

277. SIR PETER BOTTOMLEY: Which is an issue you don't have if you're on the Curzon Birmingham spur.

278. MR GARRATT: That's right. I don't disagree with the figures HS2 put up about

an extra six minutes to get to Curzon Street.

279. SIR PETER BOTTOMLEY: It wasn't the time; it was the interruption on the headway.

280. MR GARRATT: Oh, I see. Well, they are relatively undisrupted, I would say.

281. MR ELVIN QC: Mr Garratt, unless you have any more points you want to raise in relation to the HS2 material, then I've no further questions for you at this stage.

282. CHAIR: Mr Mould?

283. MR MOULD QC (DfT): Yes, just one or two. I think what I'm planning to do is to focus largely on Mr Smart giving our response to this when we get to his evidence. But Mr Garratt, good morning; just one or two things, if I may. Just while we have this table up: I think it's a general proposition you would accept, wouldn't you, that a train operator would wish ideally to have a depot that draws, as far as possible, the optimal balance between their circulation strategy and minimising the amount of non-revenue running for their train sets?

284. MR GARRATT: It's certainly a factor. There's two costs you're facing here: how many depots against how far you go.

285. MR MOULD QC (DfT): Yeah. Well, that's another way of putting my proposition. So if your circulation strategy, as we know is the case with HS2, is founded upon revenue services terminating at Euston or principally at Curzon – that's the circulation strategy – then you're going to want to have, ideally, all things being equal, your optimum depot location is as close to Curzon Street as possible, isn't it?

286. MR GARRATT: All things being equal in terms of the junction layout, the land values and so forth, yes, but there are all these other factors which we're discussing today.

287. MR MOULD QC (DfT): So for operational purposes, I'm right?

288. MR GARRATT: Yes.

289. MR MOULD QC (DfT): Thank you. Next question: line speed going into and out of Birmingham as we pass the main access to the proposed Washwood Heath depot – we saw it on the schematic earlier; don't need to put it up again – line speed there, no more than 100 kph.

290. MR GARRATT: That's right.

291. MR MOULD QC (DfT): Can't change, because the trains are slowing down going into the station and they're speeding up coming out of the station. It's a fact of life. Fact of life?

292. MR GARRATT: There's very little that can be done about that, yes.

293. MR MOULD QC (DfT): So the risk of perturbation on that single access point is, in reality, pretty low, isn't it, given the intervals which you're going to have in terms of passenger trains running in and out of the station?

294. SIR PETER BOTTOMLEY: If you use the word disturbance?

295. MR MOULD QC (DfT): Disturbance, I'm sorry. Memo to self. There is some disturbance.

296. MR GARRATT: Well, I'm not sure that follows, because perturbation – disturbance – is about trains being not at the right time, so to speak; the timetable being disturbed. And that could be disturbed by all sorts of reasons.

297. MR MOULD QC (DfT): I'm not saying there's no risk, but I'm saying it's reduced – minimised – by the factors I've put to you.

298. MR GARRATT: I am not sure that follows.

299. MR MOULD QC (DfT): Just briefly going to the selection process. I want to show the Committee the documents; they will then be able to read them. First of all, you produced a report, in the summer of 2012; it is in the documents. I will give you the reference: Exhibit 32, P206, page 4. So, very frankly, the purpose of the report is in the second paragraph.

300. MR GARRATT: Sorry, I had the wrong reference. I do apologise.

301. MR MOULD QC (DfT): It is on the screen in front of you. Second paragraph, on the third line: “This report is not intended to be an exhaustive site search exercise, nor a comprehensive set of potential alternative sites. That is the task for HS2 Ltd. This report simply sets out to demonstrate that, on the basis of the site search criteria set by HS2 Ltd and taking into account appropriate engineering principles, there are other sites which are suitable alternatives to the Washwood Heath site for the RSMD.” So, that was the purpose of your report.

302. MR GARRATT: That is correct.

303. MR MOULD QC (DfT): Turn then, please, to page 20615.

304. MR BELLINGHAM: Can we go back? I did not quite finish that last one.

305. MR MOULD QC (DfT): I do apologise.

306. MR BELLINGHAM: No, I am reading a bit slowly. Thank you.

307. MR MOULD QC (DfT): Thank you very much. Page 20615—just scroll back to the previous page, so the witness has the context. This is under a heading, “Demands for the Depot and Locational Criteria”: “Everyone’s agreed that the choice of the West Midlands for a site is eminently sensible.” Go onto the next page; “A Brief Commentary on Washwood Heath: Major advantage of a depot at Washwood Heath would be that of the distance to Curzon Street. Platforms would be short because the line speed will only be around 100 kph at this point, and the network trains will be able to join the route with significantly compromising capacity.” You go on to give

examples of that.

308. You continue: “Longer gaps for some trains, etc. In these circumstances, it is not difficult to see how a location at Washwood Heath does appear optimal.” That was your view, in that report, in August 2012, was it not?

309. MR GARRATT: But that was based on the previous design for Washwood Heath.

310. MR MOULD QC (DfT): What has changed?

311. MR GARRATT: What has changed is that the east-facing connection is effectively no longer there, because HS2’s plans are to bring all the trains into Curzon Street, and then back out, creating conflicting—in my view—congestion and conflicting –

312. MR MOULD QC (DfT): The position is this, is it not: there is an eastbound connection proposed, but it is clearly intended to be a backup?

313. MR GARRATT: Yes. There is a little bit of confusion, in different parts of the documentation, as to what HS2 plans to do with it: whether it is a backup, only for emergencies, or occasionally in the time taken.

314. MR MOULD QC (DfT): Alright. I will get Mr Smart to clarify that, if we need to.

315. MR ELVIN QC: What is the position, Mr Mould?

316. MR MOULD QC (DfT): I am going to leave that to Mr Smart. Can we go on, please, to the site selection report? I have put it as a backup, and that is our position. Can we go to the site selection summary report? It is more convenient to look at this.

317. This is the report to HS2, which was provided in May 2013, of which the Committee has seen one or two extracts, from the main document. This is the summary of P218. Now, if we can just turn, please, to P2106. Again, I am just giving the

Committee the context document.

318. It is just helpful to see how the site selection process went, because it is summarised on this page. Do you see? “Background to the Study”, speaking in May 2013. September 2010: initial selection process, which identified Washwood Heath. February – July 2011: public consultation on the HS2 proposals, including consolation responses on whether Washwood Heath was the right site.

319. August 2011 – August 2012: both Birmingham City Council and the MPs, and your clients, make representations that HS2 should carry out a further optioneering exercise. The report we briefly saw extracts from, a few moments was part of that initiative, was it not?

320. MR GARRATT: That is correct.

321. MR MOULD QC (DfT): So, we see Birmingham City Council, amongst others, was involved in that. November 2012: “In the light of concerns raised by the landowners and Birmingham City Council, HS2 Ltd agreed to update the 2010 site selection work. On this basis, the brief was prepared and instructed to Arup, as design consultants.” This report is a summary of the main report that Mr Elvin was referring to, which was Arup’s response to that brief, yes?

322. MR GARRATT: Yes. There was actually another report, which looked at operations, which was in parallel.

323. MR MOULD QC (DfT): Okay. Can we go, please, to page 210(9): “As a result of the sift-based study Arup did, 513, the two candidates that emerged were Birmingham Interchange and Washwood Heath.”

324. MR GARRATT: That is right.

325. MR MOULD QC (DfT): Okay. Then, if we turn onto page 210(11): “Those two candidates were given a comparative assessment against the background of some key considerations: strategic fit, construction, HS2 operations.” Then 6.4 on page 210(13):

“Costs” – and you see that costs considered were capital costs. Land and property were considered, were they not, as part of that exercise?

326. MR GARRATT: Well, they were not considered in that final conclusion.

327. MR MOULD QC (DfT): Well, the final conclusion reflects the analysis.

328. MR GARRATT: Because – ignoring property costs.

329. MR MOULD QC (DfT): I have made my point. Scroll down a bit further, please, and you can see that, under the “Environmental” heading at 6.5.6: “Consideration of the Impact of the Washwood Heath Proposal on Existing and Future Job Creation”. Do you see that?

330. MR GARRATT: Yes.

331. MR MOULD QC (DfT): Then, if you scroll to the next page—210(15)—we can see that, at 6.7.5, the study was informed by a report similar to that carried out for Axa by Savills, this time by Drivers Jonas Deloitte, looking at the development potential of the Washwood Heath site in the absence of a depot and the potential for alternatives. Do you see that?

332. MR GARRATT: Yes.

333. MR MOULD QC (DfT): If you turn onto the next page, please, you will see that, in relation to Birmingham Interchange, a similar exercise has been carried out. In particular, look at 6.7.9: “A Consideration of the Strategic Development and Regeneration Proposals, which are now known under the rubric of ‘UK Central’”. Do you see that?

334. MR GARRATT: I do.

335. MR MOULD QC (DfT): If you go onto the next page, there are the conclusions. Essentially, the conclusions were that both of these sites are viable propositions for

rolling stock and maintenance depots but, on balance, there is a preference for Washwood Heath over Birmingham Interchange.

336. The reasons given for that, at 712, are the operational disadvantages that are identified in relation to Birmingham Interchange, as compared to Washwood Heath. There is also a reference to the judgement that the capital costs of Birmingham Interchange over Washwood Heath would be significantly higher.

337. They are set out; the Committee will no doubt look at them itself. That is the fruit of the site selection process that you, in your evidence to the Committee a few moments ago, “Did the job properly”. So, there we see that, yes?

338. MR GARRATT: That is right. The 2015 exercise covers the ground. There are various issues which you know we did not agree with; as a consequence, we released that exercise to cover the ground.

339. MR MOULD QC (DfT): That was an exercise which took place against the background of the Washwood Heath proposal, in terms of a western entrance in and out, which has not materially changed over the course of the succeeding 12 months. That is right, is it not?

340. MR GARRATT: That is right. It was a comparison with the Birmingham Interchange layout, which was HS2’s idea. If you look in this document, you will see that the layout there that is being proposed is quite different. The access road is the same, but the layout is quite different.

341. MR MOULD QC (DfT): The layout has differed, but the principle—in terms of your concerns about disturbance, and so forth—was a judgement made about a layout of a depot at Washwood Heath that would function, essentially, in the same way as is now proposed.

342. MR GARRATT: Yes. You accept that I do not necessarily agree with those conclusions?

343. MR MOULD QC (DfT): I understand. Thank you for that. If we can turn back, please, to your capital costing table at 8424. You made a presentation to the project on 6 August, did you not, seeking to promote the comparative advantages of Birmingham Interchange and Chelmsley Wood over Washwood Heath?

344. At that time, you presented costing. You accepted, did you not, that in order to provide a depot at Birmingham Interchange, one would need to take account of the capital costs of an alternative means of dealing with the car park that is proposed under the scheme?

345. MR GARRATT: Yes.

346. MR MOULD QC (DfT): Yes, and that also there would be a need to carry out road works, in order to accommodate the depot?

347. MR GARRATT: That is correct.

348. MR MOULD QC (DfT): Yes. Now, those costs have not been included in this table, have they?

349. MR GARRATT: Yes, they have.

350. MR MOULD QC (DfT): Have they? Where is the car park cost, please? Which line?

351. MR GARRATT: Mr Rouse will be able to deal with this.

352. MR MOULD QC (DfT): Well, it is your table.

353. MR GARRATT: We are both using the same table. This option is one in which we assume surface car parking on the west side, that will compensate for the surface car park you have lost on the east side. You appreciate I am not a highway engineer.

354. MR MOULD QC (DfT): No.

355. MR GARRATT: This exercise has been done by *Pearl Krishnan*, and they have made a report which, I think, is part of the material. Therefore, that particular part of the exercise—which Mr Rouse can explain more thoroughly—cancels out.

356. What we have done is taken into account a different road layout, because the HS2 proposals are serving two different car parks and involve a lot more road infrastructure, because you have to access both to the east and west. If you only access to the west, then, effectively, you need less road. That is reflected in drawings in our evidence.

357. So, that explains why we have a saving on the road costs as a bracketed figure on the Birmingham Interchange.

358. MR MOULD QC (DfT): Well, we are clearly at an early stage in costing and design.

359. MR GARRATT: Yes.

360. MR MOULD QC (DfT): But you will have seen from our slides that we anticipate that—at least a plausible—outcome of relocating the depot to sit alongside the new Birmingham Interchange Station is that we need to add in the capital cost of a multi-storey car park, which we have estimated to the order of £60 million, and that we would need to carry out further grade separation, underpass and bridge works, including viaduct widening, which would be at the order of £50 million.

361. We have suggested there is a plausible prospect of having to undertake upwards of £110 million's worth of additional works, in order to accommodate the depot at Birmingham Interchange. You have seen that in our evidence.

362. MR GARRATT: What you just said is the first time I had any idea about what lay behind those evidence.

363. MR MOULD QC (DfT): Well, it is not the first time you knew that we were

worried that those elements would be needed, because you agreed on 6 August that those were things that would need to be accommodated.

364. MR GARRATT: But not the type of parking.

365. MR MOULD QC (DfT): Well, the need to accommodate those works was something you acknowledged. I can show you record in the minutes, if you like.

366. MR GARRATT: I know that; I was there.

367. MR MOULD QC (DfT): Right, okay. Thank you.

368. MR GARRATT: But there is a difference between something being more, and something being different and taken into account. That is important.

369. On the basis of these numbers in front of us, though, if you are adding £110 million to the Birmingham Interchange—and, obviously, we have to look at those—it is still less than the Washwood Heath numbers.

370. MR MOULD QC (DfT): We are getting much closer, though, in order to cost. Then, we have to think about the operational costs, do we not? You accept that, on any view, to operate a depot from Birmingham Interchange would involve additional operational costs, over and above the operation of a depot from Washwood Heath.

371. MR GARRATT: Less so than your number.

372. MR MOULD QC (DfT): There is a difference about what the cost is.

373. MR GARRATT: Of course.

374. MR MOULD QC (DfT): But you accept that the cost is there?

375. MR GARRATT: I accept that, on the basis of the circulation of the plan which I was told to believe in, yes.

376. MR MOULD QC (DfT): Part of the difference between those, on the cost, is that you are effectively rewriting our circulation strategy.

377. MR GARRATT: I am saying that an empty train in London going back to the maintenance shed in the Midlands, if it was going to Birmingham Interchange, would not have to go to Curzon Street to come back again, because it would go directly into Birmingham, and so forth.

378. MR MOULD QC (DfT): You are requiring us, to some degree, to rewrite our circulation strategy, are you not?

379. MR GARRATT: That would not be too difficult.

380. MR MOULD QC (DfT): I have one final question. You have asked the Committee to consider two alternative depot locations. We have looked at one or two points in relation to Birmingham Interchange. The Committee might find it helpful to know which of those, if any, you favour over the other.

381. Let me put it this way: if the Committee was against you on the merits of Birmingham Interchange, would you accept that the Committee does not need, then, to go on and consider Chelmsley Wood? If Birmingham Interchange is not a suitable alternative, then Chelmsley Wood is a less good alternative to Birmingham Interchange.

382. MR GARRATT: I do not think it is the role of the site owner, or representative of Washwood Heath to decide upon the merits of these two alternative sites. I have done my best to provide thoughts, information and so forth on these two sites.

383. There are a number of other sites that we looked at. We decided to focus on these two for the sake of this exercise, because otherwise this Committee would never have forgiven us. I do not believe I should make that call.

384. MR MOULD QC (DfT): Thank you, Mr Garratt.

385. MR ELVIN QC: Mr Garratt, in deciding which may or may not be the most suitable, are there factors other than operational costs to take into account?

386. MR GARRATT: Yes. There are land values and all sorts of environment issues, which I am not expert on.

387. SIR PETER BOTTOMLEY: We do not need to both ourselves with your thoughts about Crewe, do we?

388. MR GARRATT: Well, I think we all understand the Crewe issue. It is just a self-evident point that, if it happens that by the time this exercise is over, Phase One has effectively been amended to include an extension to Crewe, it will be a shame to have missed the opportunity of considering Crewe.

389. MR ELVIN QC: We were not proposing to take your time on a matter which is not before you. The option at Birmingham Interchange of a multi-storey car park has actually been costed by Axa, has it not?

390. MR GARRATT: Yes it has.

391. MR ELVIN QC: It is in Mr Rouse's evidence that we looked at earlier.

392. MR GARRATT: Yes.

393. MR ELVIN QC: I will look into it in due course. So, the question of an alternative car parking requirement with multi-storey is actually within the evidence?

394. MR GARRATT: Yes.

395. MR ELVIN QC: Thank you. In terms of the proposition that keeping operational empty running is something which should be kept to the minimum, what implications does the strategy of not stabling London create in the first place, in that context?

396. MR GARRATT: Well, two or three issues occur. First of all, because no stabling

sidings are to be provided in London, HS2 proposed to stable trains overnight in the station area, but nowhere else. It seemed to me it was worth considering doing that in other places as well, i.e. platforms are an unused resource in the middle of the night.

397. The main impact, though, is that it is not possible to detach the extra peak train sets in London, and hold them in the London area. It is necessary to bring them back somewhere else—in this case, the Midlands—to stall them for five hours, before they are then reattached to the train, to take back down to London to accommodate the people going out of London.

398. In Phase Two, it appears to me, from the circulation plan, that the same strategy is proposed for trains to Leeds and Manchester. The net result of all that is a great deal of half-empty running which, at £7.21 per kilometre, adds up to a great deal more than the figures we are talking about here.

399. MR ELVIN QC: I just wanted to give the Committee a feel for what effectively empty and non-revenue-earning running was being contemplated anyway, and how the addition from Curzon Street to the alternatives—what the proportion might be, as a comparison.

400. MR GARRATT: Using that £7.21 in Phase Two, it added up to a lifetime cost of about £420 million, by my calculation: so, a large amount of lifetime budget.

401. MR ELVIN QC: Finally, Mr Mould took you to the summary report of 2013. I want to go back to the actual, full report. Could we go to the other exhibit 36? P218, page 14, please. Now, we can see capital cost there, but the exercise is referred to. We are told there: “The key assumptions made do not include land or property acquisition costs”, and “Infrastructure in Birmingham is seen to be cost-neutral”. This is the main report of how the exercise was conducted.

402. MR GARRATT: That is right. That is correct; I recognise that.

403. MR ELVIN QC: Thank you. Mr Garratt, I have no further questions, and so I imagine that is a convenient point.

CHAIR: Okay. We will have our next witness after 2 o'clock. Thank you very much, gentlemen.