

# Non-promoter costs



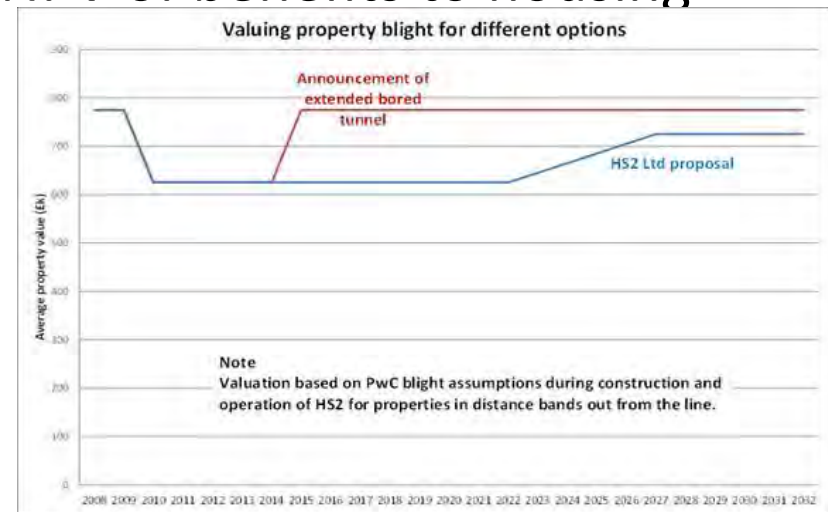
- **No single recognised methodology but valuations have been made**

	Topic	HS2 Ltd 'sift' on REPA proposal compared to HS2 Ltd proposal	HS2 Ltd 'sift' Rating	SQW Value NPV £m 2011 prices (for REPA)
Cost to people	Transport	"Minor" improvement	*	£5m - £9m
	Property Blight	Omitted		£28m - £42m
	Tourism	Omitted		£48m - £72m
Cost to nation	Landscape	"Major" improvement	***	£72m

*...no 'right' figure but it will be a positive contribution*

# Property blight

- **Impact:** Building HS2 as a bored tunnel would avoid property blight effects in vicinity of line
- **Options analysis:** Assessed NPV of benefits to housing stock/rental incomes
- **REPA tunnel value:**  
£28.0m (PwC assumptions)  
£44.2m (historical real house price escalation)
- **No double counting:**  
with HS2 Ltd land/property costs



*...entirely extra to REPA's engineering cost figure*

# Transport accessibility/ severance

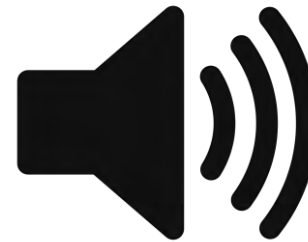
- **Oxford Economics (OE):** *'Construction Impacts of HS2 in Buckinghamshire: Economic Appraisal'*, October 2013, undertaken for Buckinghamshire County Council
- **SQW analysis:** NPV of between £5m and £8.8m saved by the REPA Tunnel (2011 prices)

*"we believe to be a plausible, and fairly conservative, overall assessment, based upon our interpretation of the information available". SQW July 2015*



# Environmental considerations

## ■ The HS2 Ltd Sift



Is having a tunnel a matter of national importance?

## Treasury Green Book: Annex 2 VALUING NON-MARKET IMPACTS

*“Social cost benefit analysis seeks to assess the net value of a policy or project to society as a whole. The valuation of non-market impacts is a challenging but essential element of appraisal, and should be attempted wherever feasible. The full value of goods such as health, educational success, family and community stability, and environmental assets cannot simply be inferred from market prices, but we should not neglect such important social impacts in policy making. This Annex outlines techniques for valuing non market impacts, some typical applications such as time savings, health benefits, prevented fatality, design quality, and the environment. These approaches can be complex but are equally as important as market impacts.”*

The HS2 analysis has included some but not all non market impacts.

Most notably it has included value of time for rail travelers but has excluded some others.



HM TREASURY

**THE GREEN BOOK**

*Look at the Treasury's methods.....*

# Treasury Green Book valuation methods



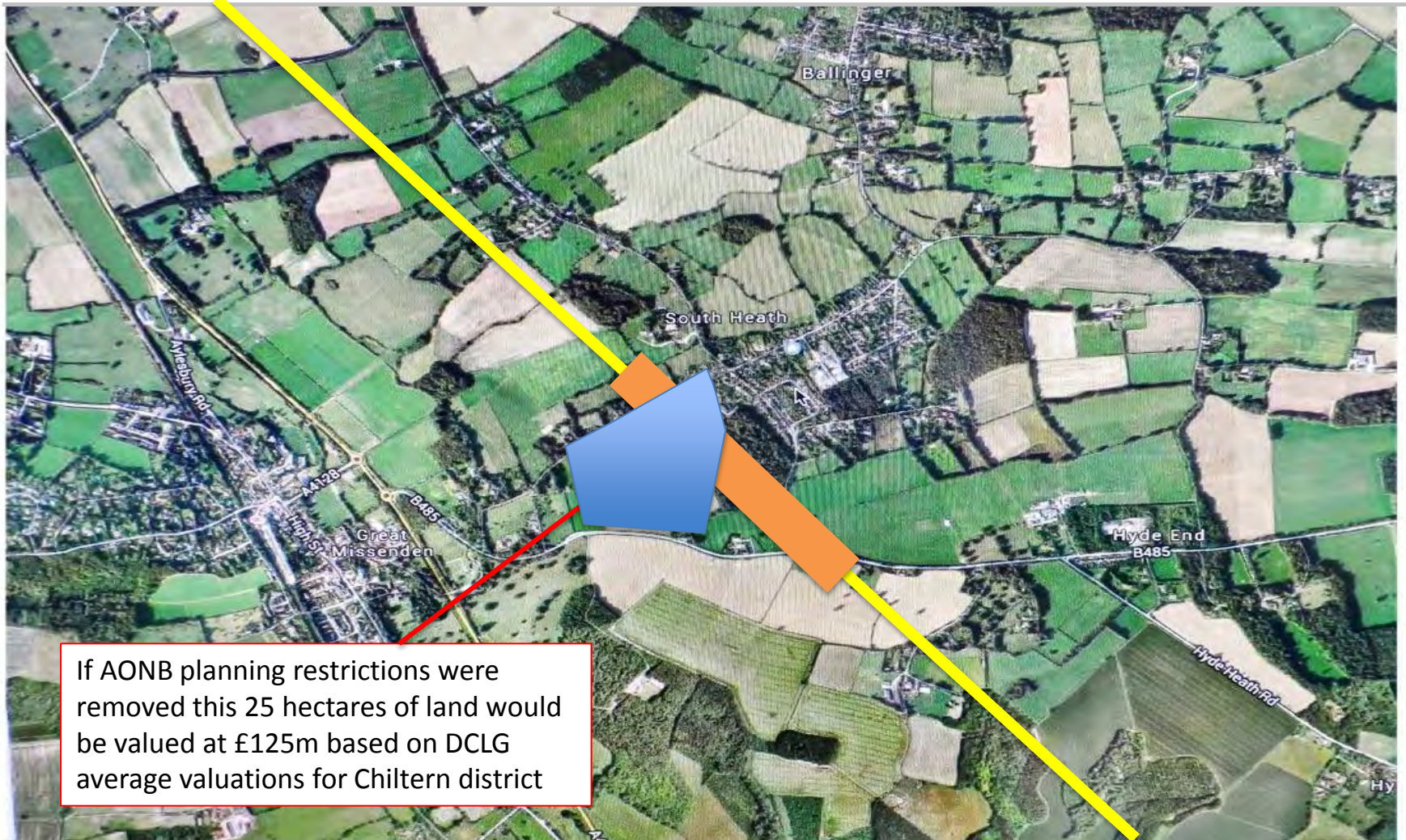
## The **Treasury preferred method**:

- **Market based approaches, stated preference and revealed preference**
  - **Landscape**
    - Contingent valuation
    - DfT webtag
    - DfT HS2 methodology – £1bn
  - **Disamenity**



*But does this work in practice?.....*

# An example



If AONB planning restrictions were removed this 25 hectares of land would be valued at £125m based on DCLG average valuations for Chiltern district

# Summary of issues



- Programme
- Costs
- Environmental and other issues

## Aide Memoire for Select Committee

### 1. Programme (see Scheduling note)

	A	C	D	E	G
<b>Organisation</b>	HS2 Ltd	HS2 Ltd	HS2 Ltd	REPA	REPA
<b>Tunnel length (km)</b>	13.9	17.4	17.4	17.4	17.4
<b>Tunnelling rate (m/week)</b>	80	80	80	90	120
<b>Ends for fit-out</b>	South	South	Both ends	South	South
<b>Duration (years)</b>	8.25	9.50*	8.00	8.00	5.50

\*Years programmed period for Children Tunnel (8.25yrs)

### 2. Environment and related issues (from HS2 Ltd 'sift')

	HS2 Ltd Sift Assessment of REPA	REPA Assessment
Construction feasibility impact on existing infrastructure	Major improvement vs. current scheme	Agreed
<b>Safety</b>	Minor during ops vs current scheme	Disagree
Environment Overall	Major improvement vs. current scheme	Agreed
1. Landscape and Townscape	Major improvement vs. current scheme	Agreed, but discuss
2. Cultural Heritage	Minor improvement vs. current scheme	Agreed
3. Biodiversity	Major improvement vs. current scheme	Agreed
4. Sound and Vibration Construction	Major improvement vs. current scheme	Agreed
5. Sound and Vibration Operation	Minor improvement vs. current scheme	Disagree
6. Community Integrity	Major improvement vs. current scheme	Agreed
7. Transport accessibility /evidence	Minor improvement vs. current scheme	Disagree
8. Health and Wellbeing	Not Assessed	Relevant factor
9. Socio economic factors	Not Assessed	Relevant factor
10. Agricultural, soil and land use	Major improvement vs. current scheme	Agreed
Property Blight	Not considered by HS2 Ltd at all	Relevant factor

### 3. Costs (see Cost differences note)

Item	HS2 Ltd Jan 15	HS2 Ltd* 2015	REPA 14 June 2015 Report	REPA 19 July 2015	Difference
<b>Land &amp; Property (€m)</b>	-1.7	-1.4	-1.4	-1.4	0.3
<b>Construction (€m)</b>	194.3	197.2	197.2	197.2	-2.9
<b>Operational (€m)</b>	-57.1	-57.0	-57.0	-57.0	0.1
<b>Other (€m)</b>	1.0	1.0	1.0	1.0	0.0
<b>Net Total (€m)</b>	132.5	132.5	132.5	132.5	0.0
<b>HS2 Ltd (€m)</b>	132.5	132.5	132.5	132.5	0.0
<b>REPA (€m)</b>	0.0	0.0	0.0	0.0	0.0
<b>Net Total (€m)</b>	132.5	132.5	132.5	132.5	0.0

Issues For Select Committee

\* From Tunnel Guide (for tunnelling), and 2012 Appendix A (for cuttings)

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# Cheryl Gillan, MP: perspective



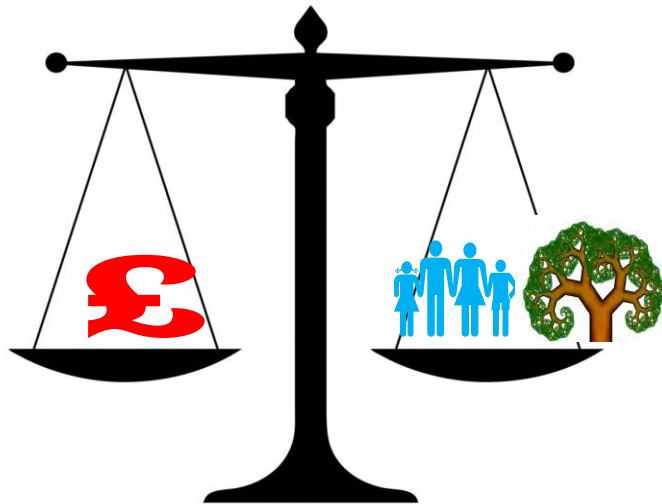
- **Why does the tunnel end at Mantles Wood?**
- **Engaging with HS2 Ltd – issues with transparency and competence**
- **Affected communities, inadequacy of mitigation, vulnerable people**
- **The case for the REPA tunnel, and 1,200 people, is compelling.**



*...REPA is the minimum solution*

# The balancing act

**A delicate balance?**



**REPA tunnel**



*...it's not finely balanced!*