

From: **Mark Dance, Cabinet Member for Economic Development**
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To: **Environment and Transport Cabinet Committee - 13 January 2016**

Subject: **Kent County Council Response to the Department for Transport Report on the First Interim Evaluation of High Speed 1**

Classification: Unrestricted

Past Pathway of Paper: **Growth and Economic Development Cabinet Committee - 12 January 2016**

Future Pathway of Paper: N/A

Electoral Division: All

Summary:

This report sets out Kent County Council's response to the Department for Transport's First Interim Evaluation of High Speed 1. It summarises the key transport and economic / regeneration impacts of High Speed 1, and outlines the principal enhancements to Kent's High Speed rail services that the County Council will propose for inclusion in its submission to the forthcoming Department for Transport consultation on the specification for the new Southeastern franchise.

Recommendations:

The Cabinet Committee is asked to:

1. **CONSIDER** this report; and
2. **ENDORSE** the proposed service enhancements that Kent County Council will seek in its response to the Department for Transport's consultation on the new Southeastern franchise specification.

1. Introduction

- 1.1 In 2013, the Department for Transport (DfT) commissioned Atkins, with Aecom and Frontier Economics, to prepare an evaluation of the impacts of High Speed One (HS1), focusing on the impacts on transport users and providers, regeneration and the economy. Kent County Council (KCC) was consulted during the early stages of the study, which represents the first comprehensive and systematic report to have been prepared on the impacts of HS1.

1.2 The DfT published the first interim report in autumn 2015. As the benefits of HS1 will accrue over the long term, the report provides an initial assessment of the impacts, and will be revised further. However, at this early stage, the report demonstrates that the impact of HS1 is very significant, quantifying the anecdotal evidence that KCC has gathered locally. This report summarises these impacts, before setting out the principal enhancements to Kent's High Speed (HS) rail services which the County Council will propose for inclusion in its submission to the DfT consultation on the specification for the new franchise.

2. Impacts of HS1 on Transport Users and Providers

2.1 The full services enabled by HS1 began operation in December 2009. Journey time savings have been significant, while the frequency of services (and the choice of London termini) have increased:

Journey Time Impacts of HS1 – Peak Services (AM)

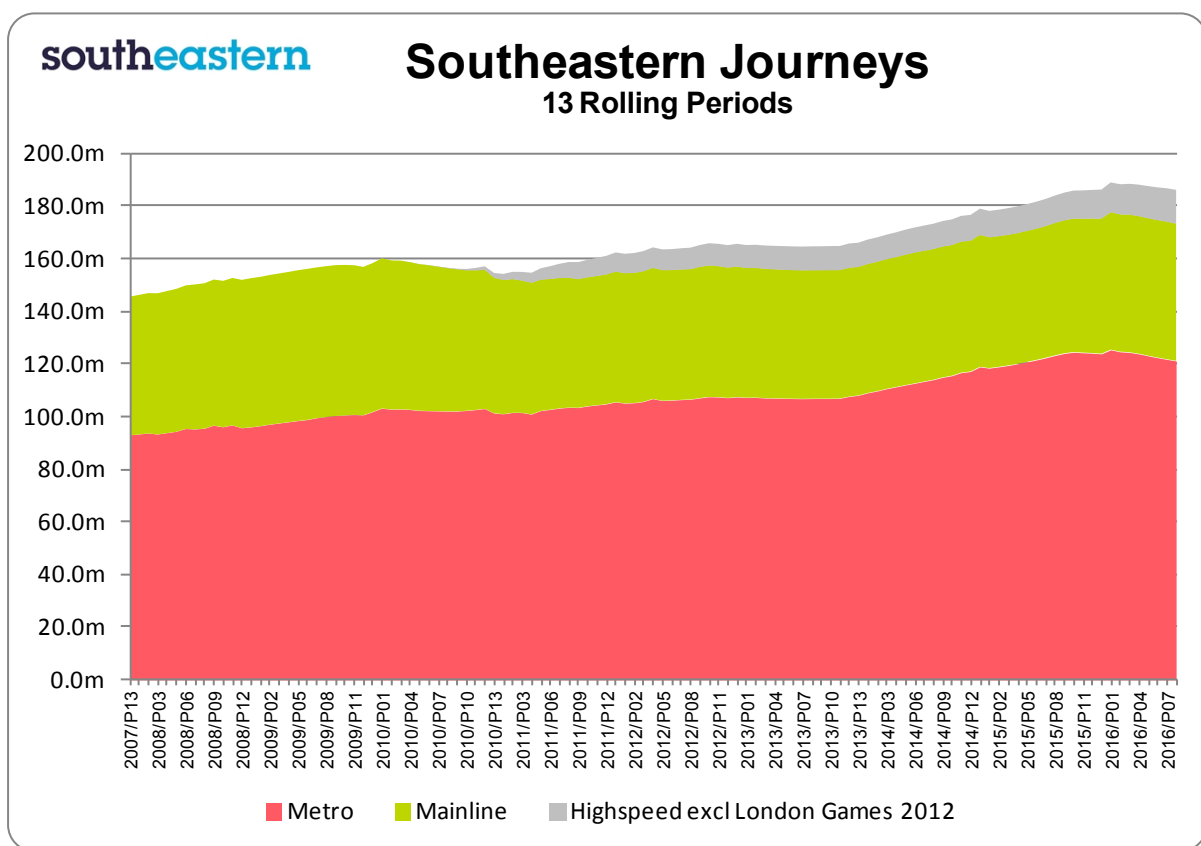
[Source: Current timetable, Southeastern, December 2015]

Station	Mainline journey Time (minutes)	HS1 Journey Time (minutes)	Time Saving (minutes)
Ashford	83	36	47
Ebbsfleet	-	19	-
Gravesend	42	20	22
Maidstone West	*67	53	14
Sittingbourne	65	58	7
Faversham	78	66	12
Canterbury West	102	54	48
Folkestone Central	102	55	47
Dover Priory	116	66	50
Ramsgate	119	74	45

*Journey time from Maidstone East

2.2 The DfT evaluation of HS1 reports that the combination of sizeable demand for HS1 enabled services, together with very significant improvements in journey times, is forecast to result in the delivery of substantial transport user and provider benefits over a 60 year operating period. These benefits are calculated by the DfT using current Treasury and DfT guidance to be over £10 bn (all figures at 2010 prices), reflecting combined international and domestic HS service user travel time benefits of close to £4.7 bn; additional transport user impacts, including benefits associated with modal shift from car to rail, valued at a further £0.9 bn; and a combined additional international and domestic rail revenue of £5.9 bn. These benefits are only slightly offset by a loss of road user tax receipts to the Government of just over £0.8 bn over the 60 year evaluation period.

2.3 These monetised benefits underline the significant additional passenger volumes that have been generated by HS1, some of which are attributable to the new HS services and some of which are attributable to the increase in Kent's population during the period of HS operation. The graph below demonstrates the significant increase in total domestic passenger journeys in Kent since HS1 was fully operational. In December 2009, when the full HS domestic service commenced, there were about 10,000 passenger journeys on HS services and 55,000,000 on Mainline. In December 2015 there were about 15,000,000 journeys on HS and 50,000,000 on Mainline – an overall increase in new passenger journeys of about 10,000,000 which are directly attributable to HS1 and population growth in the county. This high level of demand for HS services has continued to increase throughout 2016, despite the premium fares charged for journeys made using HS1.



3. Forecast Wider Economic Impacts of HS1

3.1 The DfT evaluation of HS1 reports that the shorter journey times and greater frequencies of service delivered by HS1 increase the connectivity, whilst reducing access costs to individuals and firms for making journeys. In the process, the reductions in effective distances that HS1 delivers bring firms closer to potential customers, employees and partners, giving them access to larger labour and product markets and to a greater range of potential suppliers and partners. Adopting the DfT's standard approach to calculation of these impacts, the net value of these wider economic impacts from HS1 over a 60 year operating period is forecast to be a benefit of over £1.3 bn at 2010 prices.

This is equivalent to an annual wider economic benefit (in addition to the value of benefits to passengers) of approximately £21 million.

- 3.2 KCC recognises these significant wider economic impacts. There has been a general growth in expressions of interest by businesses considering locating in areas of Kent served by the HS domestic services, as well as specific examples of individual businesses making location decisions based primarily on HS service provision. For example, the Discovery Park Enterprise Zone near Sandwich now includes businesses whose location decisions were based primarily on the new HS service to Deal and Sandwich, originally provided with financial support from KCC and now incorporated into the Southeastern franchise as an all-day HS service around the East Kent coast.

4. Regeneration Impacts of HS1

- 4.1 The DfT evaluation of HS1 reports that there is evidence of early stage real estate and regeneration effects along the HS1 corridor. Stakeholders have expressed confidence that HS1 will influence the development and property market and lead to future regeneration, an outcome which has been reflected in the adaptation of land use plans and policies to the development of HS1. The DfT report also explains that the lead times associated with major investment and business location decisions meant that the regeneration effects of HS1 will continue to emerge over the coming years. However, the exceptionally adverse conditions in the wider economy and development market in the early years following the completion of HS1 will have delayed the emergence of these effects and it will take longer to fully quantify the impacts
- 4.2 KCC recognises the potential opportunity for regeneration at sites with access to HS1, which include, as the DfT report states, the proposals for Paramount Park adjacent to Ebbsfleet station, as well as the wider development planned at Ebbsfleet Garden City. Ashford Borough Council (ABC) has also identified key sites in the vicinity of Ashford International station, which are already attracting commercial and retail development. The critical importance of the Ashford Spurs project, which will deliver the required upgrade to the signalling at Ashford to enable the new generation of international trains to serve this station and which is being promoted jointly by KCC and ABC, will be essential in ensuring the continued status of Ashford as an international station on HS1.
- 4.3. In addition, there is strong anecdotal evidence of benefits to the East Kent Coast, as improved journey times to London encourage the growth of the residential market and support the development of the visitor economy. Work currently underway to deliver further improvements in journey times between Ashford and Ramsgate, jointly funded by KCC through the Regional Growth Fund and Network Rail, will support these positive impacts.

5. Improved High Speed services within the new Southeastern franchise

- 5.1 In 2016, the DfT will consult on the service specification for the new SouthEastern franchise, which is due to commence in June 2018. KCC will make a formal response to the consultation, which will take place from June to

October 2016. A pre-consultation questionnaire has been sent to all members of the Kent and Medway Economic Partnership (KMEP) seeking members' views on the service levels required during the period of the next franchise, on both High Speed and Mainline services.

5.2 The key service level requirements provisionally proposed by KCC for the HS services in Kent are as follows:

Summary of KCC's key requirements for HS services in new SouthEastern franchise:

- HS service enhancements: sufficient capacity to London and principal HS stations in Kent, including enhanced service frequency on HS services to Ebbsfleet and Ashford (where demand already exceeds existing HS peak capacity); to Maidstone West, Canterbury West, Folkestone and Dover; and with provision for extension of HS services via Ashford and Rye to Hastings and Bexhill in East Sussex dependent on approval of electrification of Ashford to Ore in Network Rail's Control Period 6;
- HS fleet requirements: commitment from the DfT to require investment by the new franchisee in an enhanced HS fleet with up to 26 new 6-car sets if the required level of HS service is to be delivered during the course of the new franchise;
- Kent's regulated rail fares (season and peak tickets) on HS and Mainline services to increase by no more than the national increase in regulated fares, and KCC to monitor any deterrent effect of the premium fares charged on HS services on business location decisions in Kent.

6. Financial Implications

6.1 There are no financial implications for KCC arising from this report.

7. Legal implications

7.1 There are no legal implications for KCC arising from this report.

8. Equalities implications

8.1 There are no equalities implications for KCC arising from this report.

9. Other corporate implications

9.1 This report refers to the separate Ashford Spurs project in which KCC officers are engaged. KCC supports the delivery of this project, which will deliver an upgrade to the signalling on the spurs which link HS1 with Ashford International station. As the lead partner in this project, KCC is bidding for capital funding from the LGF through the LEP to ensure finance is secured for its delivery.

10. Governance

10.1 The Principal Transport Planner – Rail is already engaged in the ongoing actions to which this report refers, viz. the inclusion of improved HS rail services for Kent in the specification for the new SouthEastern franchise, and delivery of the Ashford Spurs project. There are no other governance implications.

11. Conclusions

11.1 The DfT First Interim Evaluation of HS1 recognises the very high benefits which HS1 has brought to Kent. There have clearly been quantifiable wider economic benefits, and although the economic recession deferred the realisation of the full regeneration benefits of HS1 around Ebbsfleet and Ashford stations, both are now seeing the beneficial effects of HS1 through regeneration plans at both locations.

11.2 KCC's role now will be to ensure that the specification for the new SouthEastern franchise, due to commence in June 2018, includes a substantial improvement in HS service levels to meet the ever increasing demand from all parts of the HS network for greater service capacity and frequency.

11.3 In terms of both economic activity and passenger service, Kent continues to benefit enormously from the delivery of HS1 to the county. HS1 continues to support economic growth, while providing a greatly enhanced HS rail service within Kent, to and from London, and via Eurostar services to Paris, Lille and Brussels. In short, HS1 has been and will continue to be a transformational investment for Kent.

12. Recommendations:

The Cabinet Committee is asked to:

1. **CONSIDER** this report; and
2. **ENDORSE** the proposed service enhancements that Kent County Council will seek in its response to the Department for Transport's consultation on the new Southeastern franchise specification.

13. Background Documents

13.1 *First Interim Evaluation of HS1*, Department for Transport, 15 October 2015

The report is located via the following link to the DfT website:

<https://www.gov.uk/government/publications/hs1-first-interim-evaluation>

14. Contact details

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