



High Speed rail Consultation
PO Box 59528
LONDON
SE21 9AX

July 2011

Dear Secretary of State,

RE: FSB's response to High Speed Rail: Investing in Britain's Future

The Federation of Small Businesses (FSB) welcomes the opportunity to respond to the above named consultation.

The FSB is the UK's leading business organisation. It exists to protect and promote the interests of the self-employed and all those who run their own business. The FSB is non-party political, and with in excess of 200,000 members, it is the largest organisation representing small and medium sized businesses in the UK.

Small businesses make up 99.3 per cent of all businesses in the UK, and make a huge contribution to the UK economy - contributing 51 per cent of the country's GDP and employing 58 per cent of the private sector workforce.

Whilst the FSB supports the need for significant investment in the UK's transport infrastructure, it has some concerns regarding the Government's High Speed Rail Strategy and the proposed High Speed 2 (HS2) scheme. In particular the FSB questions whether the estimated £32 billion cost of HS2 could be better invested elsewhere in the country's transport infrastructure. Small businesses are very concerned that HS2 will draw much needed investment away from other schemes which would remove barriers to growth and enable small businesses to become more productive and improve their efficiency.

As such the FSB urges the Government to undertake a full and transparent assessment of HS2 and its alternatives before giving the scheme a green light, and extending to consideration of whether other infrastructure projects could have an impact on how people work and the need for travel. In particular the FSB would urge the Government to consider the huge potential broadband offers for allowing people to work more flexibly, work remotely, reduce travel and thereby contribute to the Governments ambitions for lowering carbon emissions.

We trust that you will find our comments helpful and that they will be taken into consideration.

Yours sincerely,

Professor Neil Hoose
Chairman of the Infrastructure Policy Unit
Federation of Small Businesses



Federation of Small Businesses
The UK's Leading Business Organisation



FSB's response to High Speed Rail: Investing in Britain's Future.

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The Federation of Small Businesses (FSB) firmly supports the need for significant investment in the UK's transport infrastructure, to support a prosperous economy and promote sustainable job growth. The strategic aims of having a modern, well managed and fit for purpose transport network that underpins economic growth are clearly desirable; however FSB members have some concerns regarding the Government's High Speed Rail strategy and its proposals for High Speed 2 (HS2).

Whilst the views across FSB members vary from region to region there are some that are consistent across the membership. In particular small businesses are concerned that HS2 will draw much needed investment away from other parts of the UK's transport infrastructure and question whether the proposed investment of an estimated £32 billion in HS2 is an appropriate use of resources.

The FSB supports the Government's assertion that for the UK to compete effectively and for businesses to be able to boost productivity, drive efficiency and expand into new markets, the right infrastructure must be in place. However, the FSB questions whether enough has been done to determine what the "right infrastructure" is. We would argue that there are many smaller projects that would deliver greater returns and which, taken as a whole, would be more transformational to the UK economy. This includes more widespread upgrades to the rail network that would impact on a greater proportion of the business community and their customers.

Upgrading the road network specifically, would remove some of the significant barriers that exist in the way of small business growth. Small businesses rely heavily on their cars and vans for transporting goods and services, reaching customers and suppliers and accessing employees. A forthcoming report by the FSB, *Small Business and Infrastructure: Transport*, highlights the extent to which small businesses rely on their car or van and conversely how few rely on public transport for their business operations. Notably, almost half of small businesses say that nothing would encourage them to use the public transport network more.

The state of repair of roads is therefore a crucial element in creating an environment in which small businesses are able to grow and prosper. Yet recent estimates place the backlog in local road repairs for England and Wales at over £10 billion.¹ A recent *Voice of Small Businesses survey* highlighted that the state of repair of UK roads and traffic congestion have a detrimental impact on their business and study by YouGov and the Asphalt Industry Alliance estimated that, over a six month period in 2010, the cost of poorly maintained roads to SMEs was on average £4,300.² This represents a huge cost, not only to small businesses but to the economy as a whole.

¹ Annual Local Authority Road Maintenance Survey, 2011, AIA

² The Economic Impact of Local Road Condition, AIA, October 2010



The transport priorities of small businesses were highlighted in a recent *Voice of Small Businesses survey*. In the survey small businesses were asked to consider what the Government's priorities for transport should be for the future. Only six per cent of small businesses identified High Speed rail as the top priority. This rose to 21 per cent when taking into account the second and third most important priorities. However, conversely, almost half (47%) of small businesses identified investment in road infrastructure as a top priority, rising to over two thirds (68%) when taking into account the second and third most important priorities.

Based on the findings of the *Voice of Small Business survey*, to be published shortly in the forthcoming report *Small Business and Infrastructure: Transport*, the FSB strongly urges the Government to **carry out a robust and transparent review of HS2 and its alternatives**. The FSB calls on the Government to consider those smaller transport schemes, both rail and road, that would be cheaper to deliver but potentially generate higher rates of return. In particular the FSB urges the Government to **consider the local and strategic transport investment that would generate substantive returns and remove the barriers to business growth**.

Linked to this the FSB also calls on the Government to consider potential transport schemes in comparison to other infrastructure projects that could have an impact on how people work and the need for travel. In particular the FSB would urge the Government to **consider the huge potential broadband offers for allowing people to work more flexibly, work remotely, reduce travel and thereby contribute to the Governments ambitions for lowering carbon emissions**. The Government's existing commitment of £830 million to the deployment of broadband is welcomed but the FSB seriously questions whether this goes far enough given the scale of the challenge and the huge opportunities it offers UK businesses and residents alike.

For further information

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