

Mr J Marriott

Via email: request-431291-7165f3a1@whatdotheyknow.com

11 October 2017

Dear Mr Marriott

FOI17-1833

Thank you for your information request dated 12 September which we received on 13 September. Your request has been considered under the Freedom of Information Act 2000 ('the FOI Act').

In your email you requested the following information:

"In the July 2017 Phase Two Economic Case it states

"6.13 The relationship between rail fares and the Economic Case for HS2 is complex. It is relevant to note that the results presented here assume the same fares are charged across both the HS2 network and the existing rail network."

- 1. Could you provide sufficient information to show what fares have been assumed for the calculations of revenue in the base year? As a minimum could you please provide the assumed fare for an average journey between London<>Birmingham, London<>Manchester & London<>Edinburgh. Ideally it would be helpful to include average fares for more origin-destination pairs or the full station-station matrix and any additional disaggregation by ticket types etc.**
- 2. Please state as a minimum what the estimated total revenue from HS2 would be in 2026 (e.g. Phase 1) and 2033 (e.g. Phase 2). It would also be helpful to include the revenue for each year and to confirm the factors that have been used to convert these to the discounted 2015 base year Revenues value of £43.6m as shown in Fig. 5."**

I can confirm that HS2 Ltd holds information related to both parts of your request.

With regard to the first part of your request, HS2 modelling is based on an assumption that fares charged on the new services would be no more expensive on average than those on the existing network at the time that HS2 services begin operating. HS2 Ltd's analysis of forecast fares and revenue draws on data from the LENNON database which is the rail industry's central ticketing system. We consider that information on forecast fares could be used in conjunction with the forecast revenue totals to determine current passenger information.

As outlined in our previous response to your request for expected passenger flows (dated 28 April 2017, our ref FOI17-1708R), HS2 Ltd holds a confidentiality agreement with the Department for Transport (DfT) which covers the information provided by the train operating companies (TOCs) for use in modelling forecast demand. The same information is used in calculating forecast fares for HS2. Therefore, we are refusing to release the information requested in the first part of your request on the following grounds:

FOI Act, Section 41(1) – Information provided in confidence

Section 41 of the FOI Act sets out an exemption from the right to know where the information was provided to the public authority in confidence. It is designed to give those who provide confidential information to public authorities, a degree of assurance that their confidences will continue to be respected, should the information fall within the scope of a request under the FOI Act.

The information falling within scope of your request takes current passenger flows and fares as a starting point. This information has been provided to DfT and HS2 Ltd by the TOCs in confidence and is covered by a confidentiality agreement between HS2 Ltd and DfT. Any breach of this contract would inhibit the TOCs providing current data in future which would impede HS2 Ltd's ability to make further future forecasts which are needed in the policy formulation for the project. We therefore consider that the exemption at section 41(1) of the FOI Act applies to the requested information. Section 41(1) is an absolute exemption that does not require a public interest test to be carried out.

Q2 – Estimated total revenue

With regard to the second part of your request, we hold the following information:

In July 2017 HS2 Ltd published its latest estimate of the costs and benefits of the HS2 scheme – High Speed Two (HS2) Phase Two: Economic Case Advice for the Department of Transport (<https://www.gov.uk/government/publications/hs2-phase-two-economic-case-advice-for-the-department-of-transport>). This advice was used to inform the DfT Phase 2 Economic Case – which is the document you quote in your request.

Our current estimate of the net increase in GB rail revenue due to the Full HS2 Network is £43.6bn (Net Present Value; 2015 Prices). The revenue estimate for 2026 is £84m (2015 prices). The revenue estimate for 2033 is £653m (2015 prices).

In order to generate estimates in 2015 prices we applied WebTAG (<https://www.gov.uk/guidance/transport-analysis-guidance-webtag>) discount rates to estimates of benefits, costs and revenue. These are shown below:

Years from current year	Discount rate
0-30	3.50%
31-75	3.00%
76-125	2.50%
126-200	2.00%
201-300	1.50%
301 and over	1.00%

If you are unhappy with the way we have handled your request or with the decisions made in relation to your request, you may complain in writing to HS2 Ltd at the address below. Please also see attached details of HS2 Ltd's complaints procedure and your right to complain to the Information Commissioner.

Please remember to quote reference number **FOI17-1833** in any future communication relating to this request.

Yours sincerely,

Jane Ivey

Freedom of Information Manager

High Speed Two (HS2) Limited

Your right to complain to HS2 Ltd and the Information Commissioner

You have the right to complain to HS2 Ltd within two calendar months of the date of this letter about the way in which your request for information was handled and/or about the decision not to disclose all or part of the information requested.

Your complaint will be acknowledged and you will be advised of a target date by which to expect a response. Initially your complaint will be re-considered by the official who dealt with your request for information. If, after careful consideration, that official decides that his/her decision was correct, your complaint will automatically be referred to a senior independent official who will conduct a further review. You will be advised of the outcome of your complaint and if a decision is taken to disclose information originally withheld this will be done as soon as possible.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF