

East West Main Line Partnership Strategic Board

12 January 2024

Agenda Item 4: National Audit Office report into East West Rail

Recommendation: It is recommended that the Board:

- a) Receives a presentation from the National Audit Office**
- b) Considers the report's conclusion and any next steps**

1. Context

- 1.1. In December the National Audit Office published its investigation into East West Rail.
- 1.2. This came in response to correspondence from a member of Parliament raising concerns about the East West Rail business case and the strategic need for the project, which may have been affected by the government's announcement in July 2023 of new plans for growth in Cambridge.
- 1.3. A representative from the NAO will present the conclusions of its report to Board.

2. The NAO's report

- 2.1. The NAO's report sets out the following:
 - The changing context for the East West Rail project
 - DfT's assessment of the case for investing in the East West Rail project
 - The arrangements in place to deliver the intended benefits
- 2.2. The report does not examine progress with delivery of infrastructure on the route or the management of the project by EWR Company. It does not seek to form a value-for-money judgement on the East West Rail project, nor does it undertake a detailed assessment of the project's business case.
- 2.3. The NAO reviewed documents and data held by DfT and DLUHC, and held interviews with officials in DfT, EWR Company, DLUHC and HM Treasury. Notably, it did not speak to EWMLP, England's Economic Heartland or any other local or regional stakeholders, as it said this was not within its remit, which is primarily focused on the role of government and its agencies.
- 2.4. In its conclusion, the NAO states: "East West Rail represents a £6-7 billion investment to support growth in a part of the UK that the government regards as economically important, but it is not yet clear how the benefits of the project will be achieved nor how it aligns to other government plans for growth in the region. As with many transport projects, the rationale for East West Rail does not rest on the strength of the benefit-cost ratio for the project alone – which is poor – but on its wider strategic aim of overcoming constraints to economic growth in the Oxford–Cambridge region.
- 2.5. "This rationale has underpinned DfT's decisions to approve and continue with the project to date. However, achieving the necessary value from the government's investment in East West Rail will require stronger strategic alignment across government. Improved communication and joint working between central government and local bodies are needed to overcome barriers to progress and achieve the goals of the project over the long term.

- 2.6. The report, which can be read in full in the separate annex, makes seven recommendations. They include:
- Electrification: DfT and EWR Co should assess the options for how to power the trains on the route in the long term, setting out how the options align with DfT's decarbonisation plans and provide cost-effective solutions.
 - Engagement: EWR Co should continue to revisit its approach to local engagement to ensure the needs of all stakeholders are met, particularly those whose homes and businesses are affected.

3. Response

- 3.1. By the nature of its remit, the NAO focused on the work of government and its agencies at a national level. Given the unique history of East West Rail as a 'bottom-up' project spearheaded by the region, the resulting report therefore feels incomplete.
- 3.2. Nevertheless, its findings and recommendations, particularly around the importance of improved engagement with local authorities and communities, and on the need for a strategic approach to electrification, are welcomed.
- 3.3. The report again highlights the challenges of appraising transformational schemes, something which EWMLP, EEH and many others have recognised for a long time (see also the next agenda item).
- 3.4. In response, EWMLP and England's Economic Heartland released a joint statement, agreed by its chairs; Transport East also released a statement.

East West Main Line Partnership/ England's Economic Heartland statement:

Due to the nature of its remit, the NAO report has a focus on the role of government and its agencies. It doesn't capture the way businesses, universities, communities and local authorities in the region have – and continue to – champion the case for a railway between Oxford and Cambridge over several decades.

We welcome the NAO's conclusion that 'improved communication and joint working between central government and local bodies are needed to overcome barriers to progress and achieve the goals of the project over the long term'. This is essential if East West Rail is to successfully balance two key priorities: unlocking locations for sustainable growth while ensuring our existing communities and businesses – who already contribute so much to the UK economy – continue to flourish.

We also agree that any assessment of how trains are powered should take a long-term approach which considers alignment with the government's decarbonisation plans.

The NAO report serves to highlight the well-known complexities of capturing the wider benefits of transformative schemes such as East West Rail. However, speak to businesses big and small along the line – and the global companies thinking of investing here – and their message is quite simple: East West Rail just makes sense, get it built. If an appraisal process is unable to adequately capture the benefits of a project which links three of the UK's most dynamic and fast growing cities, in a region world renowned for expertise in science and technology, where there is already-significant levels of housing growth, but where poor east-west connectivity is clearly limiting its economic potential – then perhaps it is the process, rather than the project, that the NAO needs to be investigating.

Transport East statement

We note with interest the National Audit Office's report on East West Rail. While this scheme sits outside Transport East's area, we believe the project will dramatically improve access from the East to growing economic centres outside our region, through connections at Cambridge.

East-West rail connections across the UK are poor and our transport strategy supports maximising the current plans for East West Rail by extending it to the east coast and north Essex.

The NAO's report has a relatively narrow focus, due to the organisation's remit. But it does highlight some challenges, particularly the well-known complexities of capturing the long-term and wide ranging benefits of transformational transport projects through the existing business case appraisal process. The report acknowledges the DfT has identified a strong strategic case for the project – which is reflected in the championing of the scheme from businesses, local authorities, academia and communities.

We welcome the NAO's conclusion that 'improved communication and joint working between central government and local bodies are needed to overcome barriers to progress and achieve the goals of the project over the long term'. The East West Rail Eastern Section Board, chaired by Suffolk County Council member Cllr Alexander Nicoll and facilitated by us, ensures the region's views are fed into the strategic discussions around East West Rail, and we will work to ensure the widest regional benefits are evidenced as the next phases of EWR develop.

We also agree that any assessment of how trains are powered should take a long-term approach including aligning with the government's decarbonisation plans.

Adam King
January 2024

