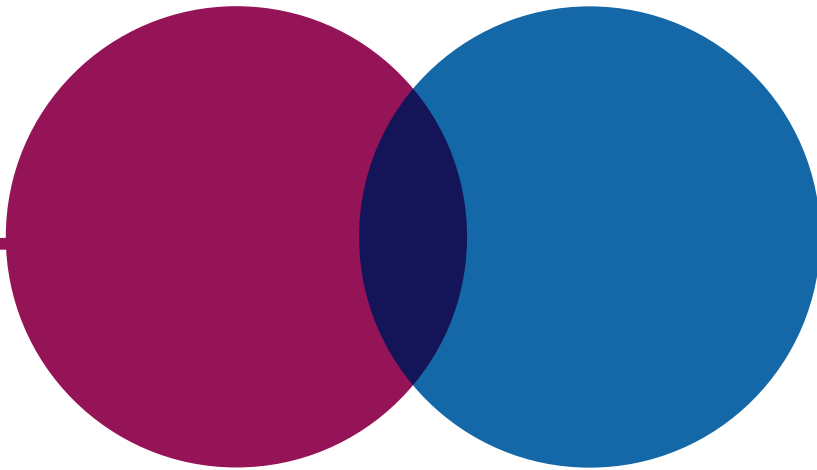




National Audit Office



REPORT

Investigation into the East West Rail project (Oxford – Cambridge)

Department for Transport,
Department for Levelling Up, Housing & Communities

SESSION 2023-24
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Department for Transport,
Department for Levelling Up, Housing & Communities

Report by the Comptroller and Auditor General

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of Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

7 December 2023

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The National Audit Office study team consisted of:


Jonathan Bayliss,
Susannah Drazin,
Matt Halliday, Rosemary Hill
and Andy Whittingham under
the direction of Jonny Mood.

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

 020 7798 7400

 www.nao.org.uk

 @NAOorguk

What this investigation is about

1 East West Rail is a transport infrastructure project intended to support economic growth and job creation in the region between Oxford and Cambridge. The project aims to improve rail connections between the two cities, Milton Keynes and intervening towns, creating new connections and stations along the route and reducing journey times. The improved connectivity is intended to make more of the region attractive to businesses and new housing development, supporting growth and jobs.

2 The Department for Transport (DfT) is responsible for funding and overseeing the delivery of the East West Rail project. DfT established an arm's-length body, the East West Railway Company (EWR Co), to plan and deliver the rail project, which began operations in 2018. Homes England, an arm's-length body of the Department for Levelling Up, Housing & Communities (DLUHC), provides advice to EWR Co and DfT on the potential for housing growth in areas along the proposed route.

3 In developing its transport infrastructure plans, DfT and EWR Co have assessed how the East West Rail project can help support economic growth in the region, identifying constraints on growth such as the following.

- A lack of space, with laboratory and commercial space almost exhausted in Cambridge and Oxford.
- A limited labour market, meaning businesses cannot access the workforce and skills they need to grow.
- The impact of high living costs on families and businesses, with housing costs making it difficult for businesses to attract staff and relocate.

In July 2023, DLUHC announced a new long-term plan for housing in the region. This includes plans to support economic growth through the expansion of Cambridge, creating space for housing and businesses.

Scope of this work

4 We conducted this investigation 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 DLUHC's announcement in July 2023 of new plans for growth in Cambridge.

5 This 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.

6 Our report does not examine progress with delivery of infrastructure on the route or the management of the project by EWR Co. We do not seek to form a value-for-money judgement on the East West Rail project, nor have we undertaken a detailed assessment of the project’s business case. We conducted our fieldwork in October 2023. We reviewed documents and data held by DfT and DLUHC, and held interviews with officials in DfT, EWR Co, DLUHC and HM Treasury.

Background information on East West Rail’s schedule and cost

7 The East West Rail project is being delivered in three sections, called connection stages, which EWR Co plans to open in phases, expanding the route from Oxford eastwards towards Cambridge.

- Connection stage 1 from Oxford to Bletchley and Milton Keynes, which is under construction, with train services expected to run by 2025.
- Connection stage 2 from Bletchley to Bedford.
- Connection stage 3 from Bedford to Cambridge.

Connection stages 2 and 3 are still being planned, with train services expected to run from the early 2030s.

8 DfT currently estimates the cost of the project will be between £5.7 billion and £6.6 billion. As at March 2023, £1.121 billion had been spent on the project. The majority of this, £936 million, had been spent on completing connection stage 1. EWR Co had also spent £185 million planning for connection stages 2 and 3.

Summary

Findings

The case for investing in East West Rail

9 In 2017, the government set out plans to support economic growth in the area between Oxford and Cambridge through transport links and housing development, but subsequently changed its approach. In 2016, the government asked the National Infrastructure Commission to examine ways in which it could maximise the potential for economic growth in the corridor of land between Oxford and Cambridge. The National Infrastructure Commission identified that an undersupply of housing was constraining economic growth and recommended that the government progress road and rail projects between Oxford and Cambridge to support new housing developments and attract businesses. In the Autumn Budget 2017, the government announced investment for the East West Rail project and the Oxford–Cambridge Expressway road project. The government supported the ambition for up to 1 million new homes in the region by 2050 and committed to exploring options to achieve this ambition, but did not adopt it as a formal target. However, in March 2021, DfT cancelled the Expressway. In July 2021, the government confirmed its approach was to support locally led planning for development, rather than pursuing an overall housing target (paragraphs 1.7 to 1.10; Figure 4).

10 DfT has assessed the need for the East West Rail project and concluded, in both its April 2021 assessment and in May 2023, that there is a strong strategic need for the project as it will help achieve economic growth in the region.

In April 2021, DfT’s accounting officer assessed that the strategic case for East West Rail was very strong. DfT pointed to East West Rail being an important element of the government’s plans for growth in the region that supported the government’s ambitions for housing. Later in 2021, DfT and EWR Co started work to revisit the strategic need for the project after changes in government housing policy that placed greater emphasis on locally led growth in the region. In May 2023, DfT and EWR Co concluded there was still a strategic need for East West Rail, to enable economic transformation in the region. It identified constraints to growth linked to poor transport connectivity (paragraphs 1.10 to 1.12, 2.3 to 2.7; Figure 5).

11 In July 2023, DLUHC set out plans to develop a new vision for housing and business growth in Cambridge that, with DfT, it is currently working to align to the East West Rail growth plans. In July 2023, DLUHC announced its intention to develop a long-term plan for housing that included a new strategy for growth through the expansion of Cambridge. The development of this plan is at an early stage but is focused on encouraging expansion of the city – creating new space for housing and businesses – rather than expanding growth along the East West Rail line. DLUHC consulted with DfT in the week before the announcement on its content. The two departments are currently working together to determine how to ensure their plans are aligned. The departments intend to complete this work ahead of EWR Co's statutory consultation on the East West Rail route, planned for 2024. The project is subject to further review points before it can be approved to proceed, including the outline business case, which DfT will consider ahead of the application for a development consent order, and the full business case, which DfT will consider if development consent is granted (paragraphs 1.13, 3.11 to 3.13).

12 DfT has assessed that the benefit–cost ratio for the East West Rail project is poor and has fallen over time, but this assessment does not capture the wider strategic aims of the project. In 2021, DfT assessed that the benefit–cost ratio for the project was between 0.5 under a low-growth scenario, and 1.1 under a high-growth scenario associated with housing growth ambitions for 1 million new homes in the region by 2050. This means that the scheme was forecast to result in benefits that are valued at between half and slightly more than the full amount it will cost. However, the benefits that the project is intended to achieve through changes in land use for new homes and businesses are not included in this assessment. Therefore, the total benefit resulting from the scheme could be greater than that which the benefit–cost ratio suggested. In May 2023, following revisions to their methodology and growth assumptions, and the publication of a preferred route, DfT and EWR Co assessed that the benefit–cost ratio had fallen. Even when including wider benefits associated with land use change, DfT and EWR Co assessed the benefit–cost ratio to be below 1. The benefit–cost ratio does not include strategic and indirect impacts that cannot be monetised, impacts which DfT and EWR Co considered in assessing the strategic need for the project (paragraphs 2.6 to 2.12; Figure 6).

13 DfT and EWR Co have not yet decided how to power the trains on the new route in the long term, and are currently considering the up-front costs and long-term benefits of non-diesel options. DfT is committed to the UK railway network being net zero by 2050 in line with its wider decarbonisation plans, and it has the ambition of removing diesel-only trains by 2040. However, no decision on electrification of the East West Rail line has yet been made, and diesel-powered trains will run as an interim measure when the first section of the route opens. In 2023, EWR Co estimated that full electrification of the line could cost up to £1 billion. However, DfT and EWR Co are currently assessing a range of non-diesel options, involving full or partial electrification, that they consider could be delivered at lower cost. While full or partial electrification would add to the up-front costs of the project, it would likely lower operating costs. EWR Co intends to present further details on its plans for powering trains at the statutory consultation, planned for 2024 (paragraph 2.13).

Arrangements to deliver the intended benefits

14 DfT is reliant on other parts of the public sector and the private sector to deliver the benefits of the project. The strategic case for the line is based on increased economic growth supported by housing development in the region. New housing development will be locally led, but achieving the intended wider benefits of the project will require a combination of DLUHC, Homes England, local government, DfT and HM Treasury working together (paragraph 3.2; Figure 7).

15 The original cross-government governance arrangements to plan and deliver growth across the Oxford–Cambridge region were not sustained, and recently established arrangements are yet to demonstrate their effectiveness. In spring 2018, the government put in place a cross-government portfolio of programmes to support growth in the region. The government intended this to align housing and transport policy decisions, ensuring a coordinated cross-government approach. However, these governance arrangements were disbanded in autumn 2021 following the government’s move away from a central top-down approach to development in favour of a more local bottom-up approach. DfT continued with the project without formal cross-government arrangements. HM Treasury has recently established the cross-government East West Rail Economic Growth Board to coordinate central government activity and support local development. The Board is intended to accelerate and maximise the wider social and economic benefits of East West Rail. It met for the first time in September 2023 (paragraphs 3.3 to 3.6).

16 Work to identify opportunities for growth around the new stations planned along the East West Rail line is at an early stage. EWR Co is coordinating activity with local authorities, universities and local enterprise partnerships in the region to identify opportunities for economic growth around the new stations. Funding of £15 million was announced in the Spring Budget 2023 to support work setting out the potential to deliver new jobs, homes and infrastructure in the region. This work is expected to support the outline business case for East West Rail. The development of plans for growth across the region will require collaboration with local partnerships (paragraphs 3.7 to 3.10).

17 EWR Co has more to do to respond to the concerns of the region's residents, some of whom will be negatively affected by the project and are unhappy with how EWR Co has communicated with them. As is common with large infrastructure projects, stakeholders have expressed a broad range of views on East West Rail. Some local authorities, universities and major businesses have expressed strong support for the project and sought the government's commitment to delivering it. During our investigation, we were contacted by local members of Parliament, councillors, residents and campaign groups raising concerns about the project, which they feel have not been adequately addressed by EWR Co. Large infrastructure projects by their nature often cause concern and distress to those negatively impacted, particularly where land and property may need to be compulsorily purchased or sold. The themes raised with us are similar to those identified by EWR Co during its public consultations, including that communication could be improved. EWR Co has said that it keeps its communications approach under review, and that the feedback it has received is being used to inform the project (paragraphs 3.14 to 3.18; Figure 8).

Concluding comments

18 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. 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.

Recommendations

- a** Through the new East West Rail Economic Growth Board, HM Treasury should lead on establishing a cross-government shared vision for supporting locally led development and growth associated with East West Rail. Through the Board, HM Treasury and relevant departments should facilitate the following.
 - Establishing and mapping interdependencies between the various projects linked to development in the Oxford–Cambridge region, with clear ownership and processes for managing the interdependencies.
 - Reviewing and, if required, updating the approach to engaging with stakeholders in the region, including how proposals and plans for East West Rail are communicated and explained.
 - Setting out the critical success factors for achieving the intended benefits from East West Rail, including ownership and how progress will be monitored.
- b** DfT and DLUHC should build on the new Board to establish effective cross-department governance that complements and bolsters the local stakeholder partnerships being created in the region, to focus on achieving the benefits of East West Rail.
- c** DfT and DLUHC should work together on bringing forward a shared vision for growth in the Cambridge region, with future investment decisions on East West Rail and development in Cambridge taking account of progress on that vision.
- d** DfT and EWR Co should ensure that the full business case for East West Rail incorporates a well-advanced plan for economic growth in the local areas impacted, including Cambridge, and that the projects are complementary and strategically aligned. It should include:
 - a clear plan for how the vision set out by the East West Rail Economic Growth Board will be achieved;
 - how East West Rail will contribute to economic growth in the region; and
 - the other projects and investments that DfT and EWR Co expect will need to occur to encourage economic growth, and how these are aligned.
- e** 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.
- f** 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.
- g** To maintain an affordable programme of work, DfT and EWR Co should reflect on learning from other recent rail projects and assure themselves that they have adequate controls and governance in place to monitor and manage costs.

Part One

The East West Rail project

1.1 This part provides an overview of the East West Rail project and describes the following.

- The East West Rail project.
- Central government roles and responsibilities.
- How the context for the East West Rail project has changed over time.

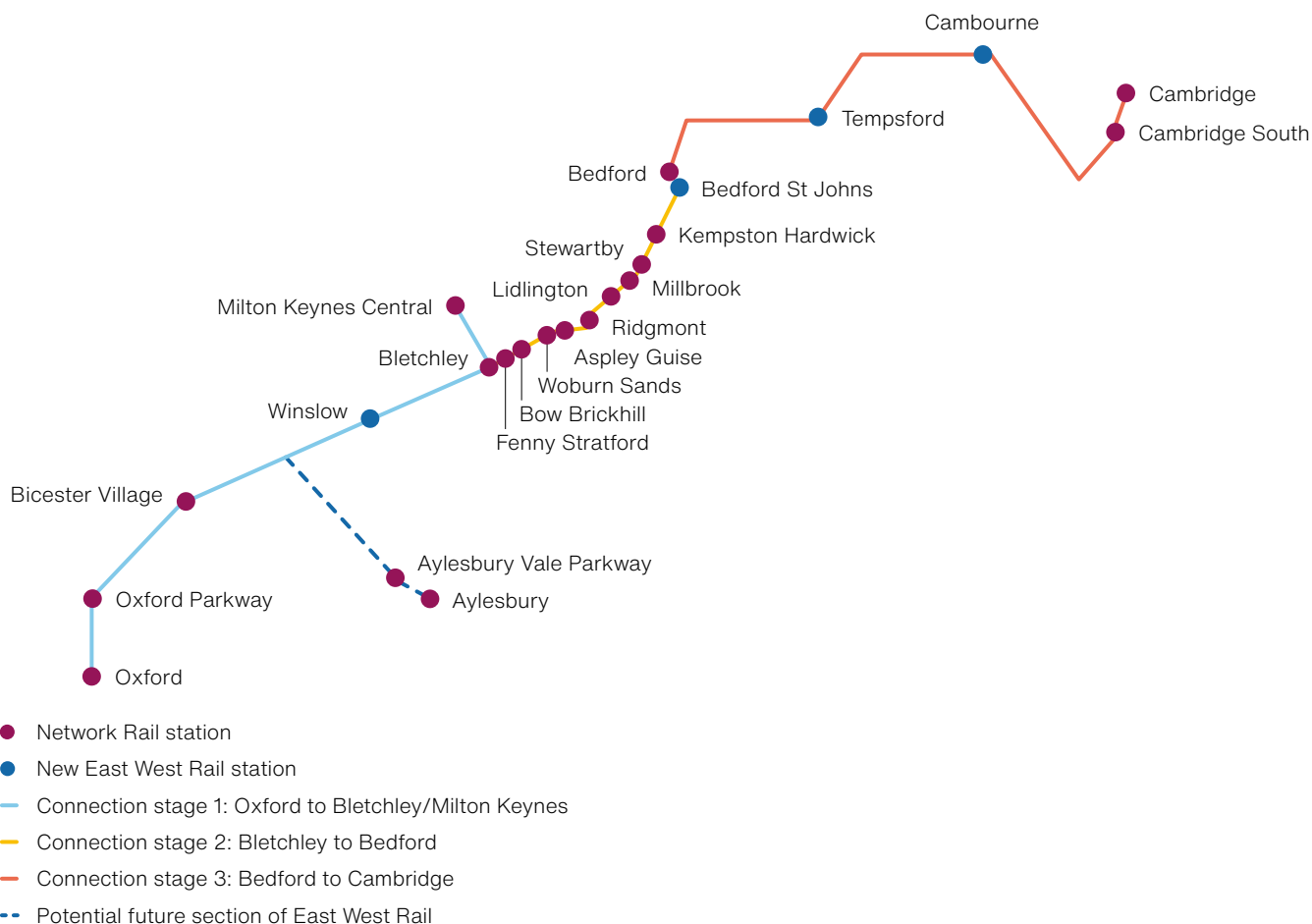
The East West Rail project

1.2 East West Rail is a major infrastructure project intended to improve transport connections between Oxford and Cambridge. Although it is a transport project, the intended benefits are wider than improving travel connections and journey times. One of the most significant intended benefits of the project is to support economic growth in the region through enabling new housing and attracting business expansion along the route. The project is part of the Government Major Projects Portfolio, which contains the government's most complex and strategically significant projects and programmes.

1.3 The East West Rail project is split into three 'connection stages'. The East West Railway Company (EWR Co) plans to open these in phases, expanding the route from Oxford through to Cambridge (**Figure 1** overleaf and **Figure 2** on page 13). The section between Bedford and Cambridge (connection stage 3) involves building new railway line, while the other sections will upgrade or reintroduce sections of railway. The Department for Transport (DfT) estimates the cost of this infrastructure project will be between £5.7 billion and £6.6 billion (Figure 2), excluding costs relating to any future electrification of the route. This estimate does not include operating costs for connection stages 2 and 3, or the costs of achieving wider benefits from the project, for example costs associated with new housing development.

Figure 1
The East West Rail route

The East West Railway Company has identified a preferred route for the project to connect Oxford and Cambridge



Notes

- 1 The project is in three sections, called connection stages.
- 2 Routes and relative station locations are representative and may not be exactly to scale.
- 3 The first phase of connection stage 1, upgrading the rail connection between Oxford and Bicester, was completed in December 2016. The second phase, upgrading existing track and reconstructing mothballed sections of the line that link Bicester to Bletchley and Milton Keynes, is underway and due for completion in spring 2024.

Source: National Audit Office analysis of East West Railway Company documents

Figure 2

The Department for Transport's (DfT's) estimated costs of the connection stages of the East West Rail project

DfT expects the project will cost between £5.7 billion and £6.6 billion in total

Phase of project	Status	When trains are first expected to run	Estimated cost (£mn)
Connection stage 1 – Oxford to Bletchley/ Milton Keynes	Under construction	December 2024 to September 2025	1,240 ¹
Connection stage 2 – Bletchley to Bedford	Detailed planning	Early 2030s	4,460 to 5,340
Connection stage 3 – Bedford to Cambridge	Early planning	Early 2030s	
Total			5,700 to 6,600

Notes

- 1 The cost does not include the Oxford to Bicester section of this stage, completed in 2016, or the costs of electrification.
- 2 The costs for connection stages 2 and 3 do not include the costs of electrification or operating costs.
- 3 Estimated costs are in 2020 prices for connection stage 1 and 2021 prices for connection stages 2 and 3.

Source: National Audit Office analysis of Department for Transport documents

1.4 By March 2023, DfT had spent £1.121 billion on the East West Rail project.

- £936 million had been spent on connection stage 1, from Bicester to Bletchley and Milton Keynes.
- £185 million had been spent through EWR Co on planning for connection stages 2 and 3.

Central government roles and responsibilities

1.5 DfT is the sponsor for the East West Rail project and has overall responsibility for specifying and overseeing its delivery. DfT established EWR Co in 2017 to plan and deliver the project (**Figure 3** overleaf). The Department for Levelling Up, Housing & Communities (DLUHC) and Homes England have central government responsibility for housing.

Figure 3

Central government roles and responsibilities for East West Rail

The Department for Transport has overall responsibility for the rail project, but several other organisations are involved in East West Rail

Organisation	Description
Department for Transport (DfT)	DfT is the sponsor of the East West Rail project and is responsible for funding and overseeing the project's delivery. DfT sets the specification for the railway, which East West Railway Company (EWR Co) must then achieve.
East West Railway Company (EWR Co)	An arm's-length body of DfT, EWR Co was established by DfT in 2017 to plan and deliver the East West Rail project. It began operations in 2018. It is programme managing connection stage 1 of the project and is responsible for the design and delivery of connection stages 2 and 3.
Network Rail	Responsible for completing work that is underway to connect Oxford with Bletchley and Milton Keynes (connection stage 1). Work to upgrade the rail connection between Oxford and Bicester was completed in 2016, with the route to Bletchley and Milton Keynes forecast to open by 2025. EWR Co oversees and assures the work delivered by Network Rail on connection stage 1.
Department for Levelling Up, Housing & Communities (DLUHC)	Responsible for national housing and planning policy.
HM Treasury	Chairs the new East West Rail Economic Growth Board, which will coordinate central government activity to accelerate and maximise the wider social and economic benefits of East West Rail. Co-chairs the Major Projects Review Group with the Cabinet Office, which reviews all projects and programmes over £1 billion prior to ministerial sign-off.
Homes England	An arm's-length body of DLUHC, Homes England has provided advice to EWR Co and DfT regarding the potential for housing growth in areas impacted by the proposed route.

Source: National Audit Office analysis of publicly available documents and documents provided by the Department for Transport

How the context for the East West Rail project has changed over time

1.6 A timeline of important events for the East West Rail project described in this report is shown in **Figure 4** on pages 16 and 17. This section outlines the changing context for the East West Rail project since 2016.

2016 to 2021

1.7 In 2016, the government asked the National Infrastructure Commission to examine ways in which it could maximise the potential for economic growth in the corridor of land between Oxford, Milton Keynes and Cambridge. The National Infrastructure Commission published its final report in 2017. It found that an undersupply of housing was constraining economic growth in the region and that poor east–west transport connections made it difficult to connect people and jobs.

1.8 The National Infrastructure Commission identified that up to 1 million new homes would be needed by 2050, requiring a doubling of the rate of house building in the region, large new settlements and national investment in new east–west transport infrastructure. It recommended a coordinated programme of road, rail and new housing. The National Infrastructure Commission stated in its final report:

“government should progress work on East West Rail, the Expressway [road project] and new settlements through a single coordinated delivery programme, with cross-government ministerial commitment and oversight. The aim of this programme should be to unlock opportunities for transformational housing growth ... Key milestones and decision points in the development of East West Rail and the Expressway should be subject to “in principle” agreement to the development of significantly more ambitious proposals for housing growth in the arc, including major new settlements and urban extensions.”

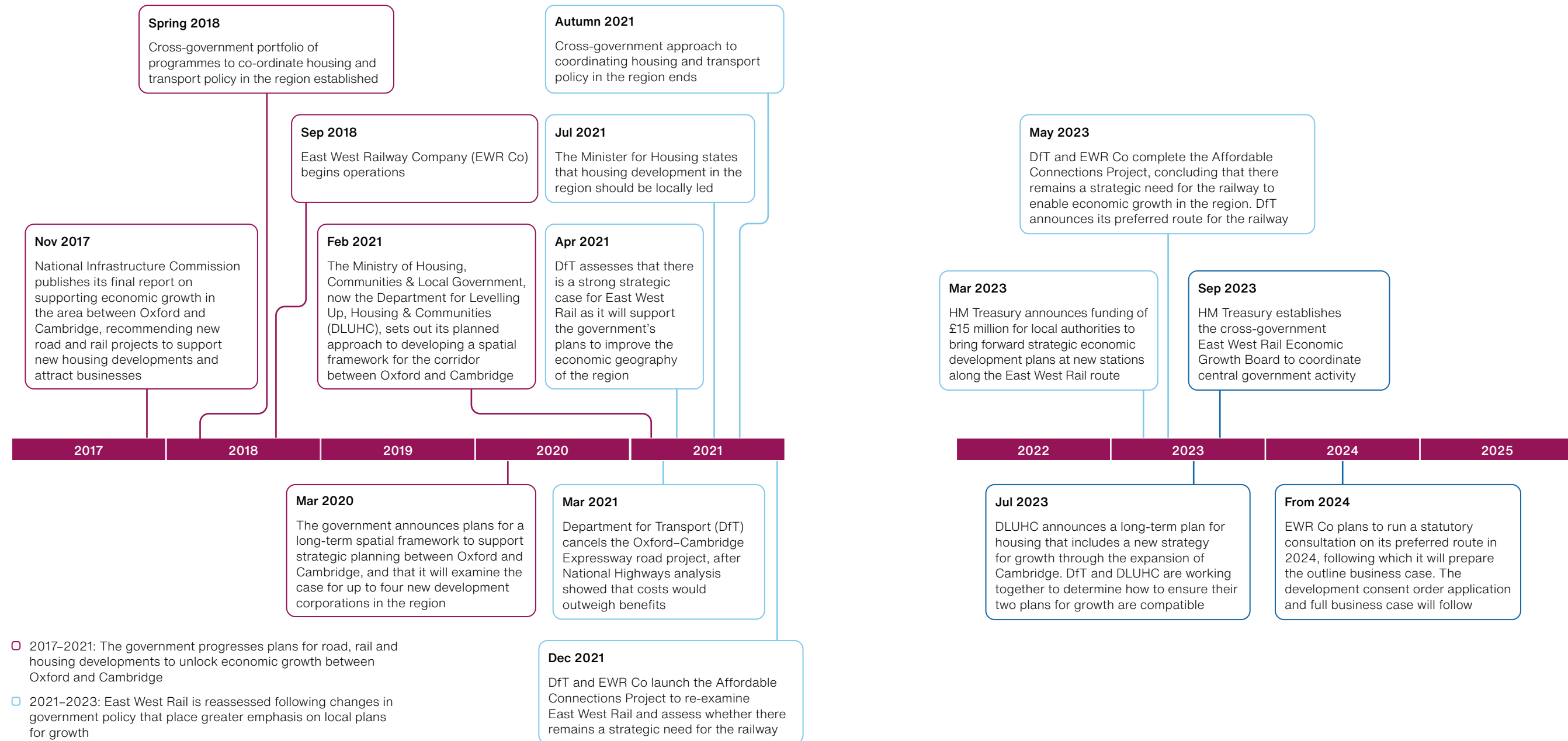
1.9 At the 2017 and 2018 budgets, the government announced the following.

- Support for the National Infrastructure Commission’s ambition for up to 1 million new homes by 2050.
- Funding for the recently established EWR Co to explore what railway route would best support the government’s vision to unlock up to 1 million new homes by 2050.
- Road investment plans, including the Oxford–Cambridge Expressway, following approximately the route of East West Rail.

In Budget 2020, the government set out plans to develop a spatial framework for the corridor between Oxford and Cambridge. The government said it would examine and develop the case for up to four new development corporations in the region, to accelerate new housing and infrastructure development. In February 2021, DLUHC set out its planned approach to developing the framework. This would have set national planning policy and transport policy for the area between Oxford and Cambridge that was defined then as the Oxford–Cambridge Arc.

Figure 4
East West Rail project important events

The plans for rail, road and housing along the route have changed over time



- 2017–2021: The government progresses plans for road, rail and housing developments to unlock economic growth between Oxford and Cambridge
- 2021–2023: East West Rail is reassessed following changes in government policy that place greater emphasis on local plans for growth
- 2023 and beyond: Announcement of development in Cambridge and work to align plans

Notes

- The Department for Transport set up the East West Railway Company in 2017 and it started operating in 2018.
- Development consent is required for infrastructure projects categorised as 'nationally significant' and removes the need to obtain several planning consents that would otherwise be necessary. The process for obtaining a development consent order is set out in legislation.

2021 to present

1.10 In 2021, the government announced changes to its road and housing plans for the region.

- In March 2021, DfT announced the cancellation of the Oxford–Cambridge Expressway road project. In 2016, DfT and National Highways had estimated the Expressway would cost up to £3.5 billion (2014 prices). Early development on the business case for the Expressway by National Highways identified that this route, alongside improved east–west rail links, was likely to deliver value for money through helping unlock areas for growth, and improve congestion and journey times. However, more detailed assessment by National Highways into the cost and benefits of route options concluded that a new road link did not offer value for money.
- In July 2021, at a Westminster Hall debate on the Oxford–Cambridge Arc, the Minister for Housing announced that an ambition for 1 million homes in the area was neither a government target nor government policy, and that housing development was determined through local planning processes. In February 2022, local authority officials in the region reported that DLUHC believed that development in the Oxford–Cambridge region should be locally led, signalling the end of the development of a spatial framework.

1.11 In December 2021, DfT and EWR Co established the Affordable Connections Project to re-examine the East West Rail project. This aimed to test the strategic need for the railway, in light of the change in the government’s approach to the Oxford–Cambridge Arc, with a focus on local plans and leadership rather than central government leadership. It also examined options to reduce the costs of the project, in response to the impact of and recovery from COVID-19.

1.12 The Affordable Connections Project was finalised in May 2023. The project found that to release constraints on growth and allow housing and businesses to expand in the region, new transport links were necessary. At this time, DfT and EWR Co announced the preferred route (Figure 1) and a preferred train service pattern.

1.13 In July 2023, DLUHC announced a new long-term plan for housing, which includes building a new section of the city of Cambridge with space for housing and businesses. DLUHC announced the proposals for Cambridge after the Affordable Connections Project had been finalised. DLUHC is establishing the Cambridge Delivery Group to take the proposals forward, and to identify the housing, infrastructure and services required. This group will also consider appropriate mechanisms to lead long-term work on planning and engagement with developers. The development of these plans is at an early stage.

Part Two

Department for Transport's assessment of the case for investing in the East West Rail project

2.1 This part examines the following.

- The Department for Transport's (DfT's) assessment of the case for investing in East West Rail.
- How the benefit–cost ratio for the project has changed over time.

It examines these at two points in time.

- At the start of 2021, when DfT approved the full business case for connection stage 1.
- In 2023, after DfT and the East West Railway Company (EWR Co) had completed work to test the costs of and strategic need for the project, focusing on connection stages 2 and 3.

The strategic case for East West Rail

2021

2.2 In December 2020, DfT completed the final business case for connection stage 1 of the East West Rail project. Construction work on connection stage 1 is in progress and involves reinstating and upgrading lines between Bicester and Bletchley, which will allow trains to run between Oxford and Milton Keynes. The business case assessed connection stage 1 as a stand-alone project, but within the context of it being a necessary step for the full project (Figure 2).

2.3 In April 2021, DfT completed an accounting officer assessment for connection stage 1 of East West Rail (**Figure 5** overleaf).¹ The assessment highlighted the importance of the strategic case for the project, given that the benefit–cost ratio² range for the project of 0.5 to 1.1 represented poor to low value for money. The strategic assessment was informed by the government's ambitions to support the development of businesses, 1 million new homes and 1 million new jobs in the region by 2050.

¹ These assessments are made at the outline business case, or any subsequent point when deemed necessary, for projects on the Government Major Projects Portfolio. The accounting officer provides a summary assessment against the key accounting officer standards in Managing Public Money.

² The benefit–cost ratio compares the benefits and costs of a project in monetary terms. A project with a benefit–cost ratio greater than 1.0 is estimated to deliver more benefits than it costs to achieve them.

Figure 5

Accounting officer assessment of East West Rail connection stage 1

In April 2021, the Department for Transport (DfT) and the East West Railway Company (EWR Co) concluded, on the strength of the strategic case, that the project was likely to represent value for money

Managing Public Money ² standard	Accounting officer assessment
Regularity	That connection stage 1 is affordable as the DfT Spending Review 2020 settlement allocated full funding for this phase of work.
Propriety	That the full business case works to HM Treasury Green Book ³ guidance and that necessary consents and permissions are in place for connection stage 1 to progress.
Feasibility	Considered to be feasible.
Value for money	<p>Assesses that connection stage 1 has a benefit-cost ratio of 0.5 to 0.8 (poor value for money) and is an enabler of the full East West Rail project which has a benefit-cost ratio of 0.5 to 1.1.</p> <p>“However, the strategic case for the scheme is a very strong one. This project is a key element of government’s plan to transform the economic geography of the Arc. The benefits associated with this transformation are subject to a degree of uncertainty which means they cannot be captured in the benefit-cost ratio using usual appraisal methodology.</p> <p>However, it is highly unlikely that these benefits, including new housing and local business development, could be delivered without significant investment in new transport infrastructure, including East West Rail.”</p> <p>“It is, therefore, reasonable to consider the wider benefits associated with the government’s objectives for the Arc in considering the strategic case for this project. To demonstrate the scale of these benefits; if 56,000 homes were unlocked by East West Rail this would add a further £4 billion (present value, 2010 prices) to current monetised benefits.”</p> <p>“This would take the programme benefit-cost ratio to 1.5. The government has designated the Arc as a key economic priority, the Autumn Budget 2017 included the National Infrastructure Commission ambition for up to 1 million new homes and over 1 million new jobs by 2050.”</p> <p>“It will, however, be essential to ensure that delivery and governance arrangements are in place to ensure the government’s wider goals in relation to the Arc can be achieved.”</p> <p>“DfT is working with the Ministry of Housing, Communities and Local Government and other parts of government to enable this.”</p>
Conclusion	<p>Content that this spending is appropriate.</p> <p>“Although the level 2 benefit-cost ratio for connection stage 1 is below 1, we are satisfied that, on the basis of the strength of the strategic case for the overall programme and the wider benefits not captured by the cost-benefit analysis the expenditure is likely to represent satisfactory value for money. It will however be essential to ensure that delivery and governance arrangements are in place to ensure the government’s wider goals in relation to the Oxford to Cambridge Arc can be achieved.”</p>

Notes

- 1 The Ministry of Housing, Communities & Local Government became the Department for Levelling Up, Housing & Communities in September 2021.
- 2 HM Treasury, Managing Public Money, 2023.
- 3 HM Treasury, The Green Book, Central Government Guidance on Appraisal and Evaluation, 2022.

Source: National Audit Office analysis of the accounting officer assessment for East West Rail connection stage 1 (April 2021)

2.4 Although the benefit–cost ratio for the project represented poor to low value for money, DfT concluded that it should proceed based on the strong strategic case. This is in line with HM Treasury guidance, which was updated in 2020 following concerns that the business cases for some projects place too much emphasis on the economic case and the benefit–cost ratio calculation, rather than the strategic need for the project.

2023

2.5 In May 2023, EWR Co published an Economic and Technical Report which assessed the strategic need for the project in light of a shift in government policy towards local rather than central government leadership on housing and business growth.³

2.6 EWR Co developed a ‘theory of change’ to test whether the East West Rail project is necessary to enable economic transformation. EWR Co focused its analysis on Cambridge as it identified that constraints on growth are particularly acute in that city. This found, as its starting point, that without any action the Cambridge economy would overheat, and growth would stall, impacting on business and investment. EWR Co identified the following constraints linked to problems of poor transport connectivity.

- Lack of space, with laboratory and commercial space almost exhausted in Cambridge and Oxford.
- A limited labour market, meaning businesses cannot access the workforce and skills they need to grow.
- The impact of high living costs on families and businesses, with housing costs making it difficult for businesses to attract staff and relocate.
- Oxford, Milton Keynes and Cambridge missing out on synergies that generate growth due to poor regional connectivity, making regional collaboration a challenge.
- Attracting and retaining the best talent as individual job markets across the region are smaller and more limited than international comparators.

2.7 EWR Co concluded that new transport links were necessary to enable businesses to expand geographically, spreading new jobs and prosperity to a wider catchment area. EWR Co’s work was completed prior to the announcement by the Department for Levelling Up, Housing & Communities (DLUHC) in July 2023 on a new long-term plan for housing, and plans for the expansion of Cambridge.

3 East West Railway Company, *Economic and Technical Report*, May 2023.

How the benefit–cost ratio for the project has changed

2021

2.8 At the final business case stage for connection stage 1, DfT assessed that the benefit–cost ratio for the full project indicated it represented low to poor value for money (**Figure 6**). DfT assessed that the full project would have a benefit–cost ratio of 0.5 under a low-growth scenario. This would rise to 1.1 under a scenario of high-growth transport demand, an optimistic case consistent with the government’s stated ambition on housing growth at this time. These benefit–cost ratio calculations include benefits to transport users and wider economic benefits, but in line with guidance do not include benefits related to a change of land use from housing or business growth.

Figure 6

East West Rail project benefit–cost ratio

The Department for Transport (DfT) assessed in 2023 that the benefit–cost ratio for the project was poor, and in broad terms had fallen over time

Date	Benefit–cost ratio calculation	Comment on benefit–cost ratio calculation
2021 ¹	Connection stage 1 (Oxford to Bletchley/Milton Keynes): 0.5 to 0.8 Full East West Rail project (Oxford to Cambridge): 0.5 to 1.1	Benefits included: The benefit–cost ratio is calculated using standard DfT guidance on what benefits to include. Growth scenarios: The benefit–cost ratio range reflects the application of low-growth and high-growth scenarios.
2023 ²	Connection stages 2 and 3 (Bletchley to Cambridge): 0.3 to 0.6	Benefits included: At the lower end of the range, the benefit–cost ratio range reflects the standard benefits included within a benefit–cost ratio calculation. At the higher end, it includes additional wider benefits that are not typically included in a benefit–cost ratio calculation. Growth scenarios: The benefit–cost ratio only includes a high-growth scenario.

Notes

- 2021 figures are based on the full business case and accounting officer assessment for connection stage 1.
- 2023 figures are based on the East West Railway Company’s Economic and Technical Report. This report only includes benefit–cost ratio calculations for connection stages 2 and 3. Therefore the benefit–cost ratios presented here for 2021 and 2023 are based on different sections of the route.
- In 2021, DfT did not make a separate assessment of the benefit–cost ratio for connection stages 2 and 3. However, DfT prepared analysis for us that showed the benefit–cost ratio for connection stages 2 and 3 would have been higher in the 2021 calculation than in 2023. The 2023 benefit–cost ratio calculation also includes the costs and benefits of electrification of the line, which were not included in the 2021 calculation.

Source: National Audit Office analysis of Department for Transport and East West Railway Company documents

2023

2.9 In May 2023, the Economic and Technical Report published by EWR Co provided revised economic figures following completion of its Affordable Connections Project. Prior to this work, the estimated cost of completing connection stages 2 and 3 was between £5.9 billion and £6.3 billion. EWR Co now estimates that the revised costs for connection states 2 and 3 are between £4.5 billion and £5.3 billion, in addition to the £1.2 billion cost of connection stage 1.⁴

2.10 In the Economic and Technical Report, EWR Co provided updated benefit–cost ratio figures for the parts of the project not yet under construction, connection stages 2 and 3. It calculated revised benefit–cost ratio figures under high-growth assumptions, giving a benefit–cost ratio of 0.3. It recalculated the benefit–cost ratio to include wider economic impacts around changes in land use, such as redesignating land to be used for housing, resulting in the benefit–cost ratio rising to 0.6. However, these wider benefits are excluded from DfT’s standard benefit–cost ratio calculations and were not included in the 2021 final business case for connection stage 1. The benefit–cost ratio does not include additional strategic and indirect impacts that cannot be monetised, which DfT and EWR Co considered in assessing the strategic need for the project.

2.11 DfT told us that the methodology EWR Co used to assess user benefits has been updated since the full business case for connection stage 1. This was to adjust for issues identified in its earlier approach. The revised modelling approach resulted in reductions to forecast demand, which impacted on the associated benefits of journey time savings and road congestion, as well as forecast revenue.

2.12 The benefit–cost ratio calculations made in 2023 do not include all potential costs.

- EWR Co’s costs of obtaining statutory authority to construct the railway are excluded. On other transport projects, obtaining statutory authority through development consent orders has often been resource and time intensive.
- The land and property estimates are made using desktop information rather than site assessments. On other projects we have seen, costs increase as understanding about land and property improves.

⁴ These figures are in 2021 prices and exclude electrification and the costs of obtaining statutory authority to construct and operate the project.

2.13 DfT and EWR Co are currently reviewing the long-term strategy for powering trains on the route, including options around full and partial electrification. The project is being planned with provision to allow future electrification of the line, but no decision on electrification has yet been made. In 2023, EWR Co estimated that electrification could cost up to £1 billion, although EWR Co and DfT are currently assessing non-diesel options, involving full or partial electrification, that they consider could be delivered for a lower cost. EWR Co has agreed an interim lease for diesel trains to allow it to commence services on connection stage 1 by 2025. In line with DfT’s plan for decarbonising transport, EWR Co has set out its ambition for East West Rail to be net zero by 2050, with an interim target of removing diesel-only trains by 2040.⁵ EWR Co will prepare further details on options to power trains on the route at the statutory consultation, expected in 2024. While full or partial electrification would add to the construction costs of the project, DfT told us that electrification would reduce operating costs of the line, leading to savings in the operation of the railway over the long term.

5 Department for Transport, *Decarbonising Transport: A Better Greener Britain*, 2021.

Part Three

Arrangements to deliver the intended benefits

3.1 This part examines whether arrangements are in place to deliver the intended benefits of the project. This part examines the following.

- The roles and responsibilities for achieving the intended benefits from the East West Rail project.
- The governance in place to plan and deliver the benefits.
- Whether the Department for Transport (DfT) and the Department for Levelling Up, Housing & Communities (DLUHC) have assessed the compatibility of their visions for growth in the region.
- The views of local residents and representatives.

Roles and responsibilities for achieving East West Rail benefits

3.2 DfT is accountable for the expenditure and value for money of the East West Rail project but it does not directly control all the intended outcomes (**Figure 7** overleaf). For example, overarching responsibility for housing and planning policy sits with DLUHC. Achieving the full benefits will therefore require close working across government. DfT has identified that the project will require enduring commitment across government to support wider economic transformation.

Governance in place to plan and deliver the benefits of the project

Cross-government governance

3.3 In spring 2018, in response to the National Infrastructure Commission recommendations, the government established a cross-government portfolio of programmes to support growth in the Oxford–Cambridge region, known as the Oxford–Cambridge Arc. The National Infrastructure Commission recommended that work on rail, road and new housing should be progressed as a single coordinated delivery programme. In its response to the National Infrastructure Commission’s report, the government agreed and aimed for this cross-departmental working to set a “benchmark for aligning housing and transport policy decisions, and ensuring a coordinated cross-government approach.”

Figure 7

Responsibilities for realising the benefits from East West Rail

Several bodies share responsibility for realising the benefits from East West Rail

Organisation	Responsibilities for benefits
Department for Transport (DfT)	Accountable for delivery of the business case and the benefits being realised. Ensuring benefits management and evaluation are developed.
East West Railway Company	Responsible for delivering the project and realising the benefits set out in the business case. Developing benefits management and evaluation. Responsible for the realisation of direct benefits relating to delivering the rail infrastructure. Creating the environment for wider benefits to be achieved, including stakeholder engagement.
Department for Levelling Up, Housing & Communities (DLUHC), local authorities and other third parties	Share responsibility for delivering wider benefits that will result from unlocking additional housing development. A combination of local authorities, DLUHC, Homes England, DfT, HM Treasury and the private sector will need to act and work together to enable development in the vicinity of East West Rail stations.
HM Treasury	Chairs the new East West Rail Economic Growth Board, which will coordinate central government activity to accelerate and maximise the wider social and economic benefits of East West Rail.

Source: National Audit Office analysis of Department for Transport, HM Treasury and East West Railway Company documents

3.4 To support coordination, the government established the following.

- An inter-ministerial group across DLUHC, HM Treasury, DfT and the Department for Environment, Food and Rural Affairs (Defra).
- An inter-departmental portfolio board reporting to the inter-ministerial group and to support the senior responsible owner of the East West Rail project, comprising senior representatives from DLUHC, DfT, HM Treasury, Defra, the Infrastructure and Projects Authority, and the former departments for Business, Energy & Industrial Strategy and International Trade.
- A programme board and team in DLUHC with the aim of ensuring a coordinated approach across government.

3.5 In autumn 2021, the cross-government approach ended, following changes in policy direction. The departmental and ministerial groups were cancelled, and the team working within DLUHC was reallocated to other priorities. DLUHC does not have a team dedicated to supporting the East West Rail project, although its policy teams are engaged with, and support, the East West Rail Economic Growth Board.

3.6 In September 2023, HM Treasury established and held the first meeting of the East West Rail Economic Growth Board, comprising representatives from DfT, DLUHC, the Cities & Local Growth Unit (a joint DLUHC and Department for Business and Trade (DBT) unit), the Department for Science, Innovation and Technology (DSIT) and the Infrastructure and Projects Authority. The Board is intended to provide a forum for the various departments with an interest in East West Rail. It will coordinate central government activity, align East West Rail with the government’s broader policy ambitions, and support local areas to accelerate and maximise the wider social and economic benefits of East West Rail.

Locally led governance

3.7 In the Spring Budget 2023, the government announced funding of £15 million up to March 2025 to support local authorities along the East West Rail route. The funding is intended to support local authorities in planning how they will maximise economic opportunities and develop strategic economic development plans centred around new stations along the East West Rail route, and aligns with the government’s locally led approach to encouraging growth across the region.

3.8 EWR Co is coordinating activity with local authorities, universities and local enterprise partnerships in the region, and England’s Economic Heartland, to identify opportunities for economic growth around the new stations planned for the East West Rail route.⁶ This work was started in the summer of 2023 and is at an early stage. It is intended that this work will set out the potential to deliver new jobs, homes and infrastructure in these areas and support the outline business case that EWR Co is developing.

3.9 Local authorities will require other relevant government initiatives and funding to give consistent steers to promote activity that will indirectly support local plans and East West Rail.

- In March 2023, DSIT launched the UK Science and Technology Framework, setting out the government’s vision for the UK to become a science and technology superpower by 2030. Alongside this initiative, the Oxford–Cambridge Supercluster Board has been set up by local business leaders, universities and investors, to promote scientific and technological innovation in the region. The Board strongly supports the East West Rail project.
- In May 2023, HM Treasury announced ‘Life Sci for Growth’ funding of £650 million, intended to support a range of life sciences, medical and health initiatives that would support economic growth in these fields.

⁶ England’s Economic Heartland is one of seven sub-national transport bodies in England, representing a region across central England that includes the Oxford–Cambridge Arc. It is jointly funded by DfT and local authorities in the region. It advises the government on transport infrastructure in support of sustainable economic growth across the region.

3.10 In January 2023, DLUHC approved local leaders’ proposal to establish the locally led Oxford to Cambridge Pan-Regional Partnership. The partnership board comprises representatives of local authorities, universities and local enterprise partnerships in the region, and England’s Economic Heartland. Representatives from DBT and DLUHC act as observers. The partnership’s purpose, as determined by local leaders, is to promote sustainable economic growth and environmental enhancements in the region. It will therefore have an interest in the progress of East West Rail. The partnership board met for the first time in December 2022 in shadow form while it recruited a chair and other members. It met for the first time under its permanent chair in September 2023, when it agreed a work programme and to develop a strategy for the partnership.

How DfT and DLUHC have assessed whether their visions for growth in the region are compatible

3.11 In 2023, DfT and DLUHC set out their two approaches to growth in the region, which are broadly as follows.

- In May 2023, DfT and EWR Co set out how East West Rail would enable greater connectivity and housing expansion along the route. This would support 70,000 new homes by 2050 that would otherwise not be developed without the new transport infrastructure. It would also support continued housing expansion in areas where there are existing plans for new homes.
- In July 2023, DLUHC announced its intention to develop long-term plans for housing across England, including the expansion of Cambridge through the development of a new quarter in the city, supported by better local transport connections. This is intended to enable significant numbers of new homes to be built.

3.12 It is not yet clear how aligned these two approaches to growth in the region are and whether both can be delivered together. DLUHC consulted with DfT in the week before the July 2023 announcement on its content. DfT and DLUHC are now working together through the East West Rail Economic Growth Board, which includes representatives from DLUHC’s Cambridge Delivery Group. A Transport Working Group sits underneath the Cambridge Delivery Group. Terms of reference are in development, and attendees will include officials from DfT and other departments as required.

3.13 DLUHC told us that plans for development in Cambridge are still in their infancy and it will have a clearer idea of specific issues relating to the vision for Cambridge at a future date. At present, it knows that there are issues to be resolved around city centre congestion, addressing water scarcity in the region and access to public services. DfT will need to resolve how the two approaches can work together prior to its statutory consultation on the East West Rail route, currently planned for 2024. DfT has yet to indicate an estimated date for when it expects to consider approval of the outline business case, but it will be ahead of EWR Co submitting a development consent order. Development consent is required for infrastructure projects categorised as nationally significant, and removes the need to obtain several planning consents that would otherwise be necessary.⁷ Similarly, DfT has not yet indicated an estimated date for considering the full business case, which will be after the development consent process concludes, if consent is granted.

Stakeholder views on East West Rail

3.14 As is common with large infrastructure projects, stakeholders have expressed a broad range of views on East West Rail, ranging from full support, through broad support with some concerns, to rejection of most aspects of the project. Large infrastructure projects by their nature often cause concern and distress to those negatively impacted, particularly where land and property may need to be compulsorily purchased or sold.

Public consultations seeking views on East West Rail

3.15 In 2019, EWR Co ran a public consultation on five broad proposals for the Bedford to Cambridge section of the East West Rail route. The consultation received over 7,000 responses. Respondents identified ‘environmental impacts and opportunities’ and ‘benefits to transport users’ as the two most important factors that should inform decisions on route options. In decreasing importance were ‘supporting economic growth’, ‘cost and overall affordability’ and ‘supporting delivery of new housing’. The consultation led EWR Co to identify a preference for the railway to approach Cambridge from the south of the city rather than the north.

⁷ The process for obtaining a development consent order for work is set out in legislation. The Planning Inspectorate and the Secretary of State for Transport, who makes the final decision for transport projects, must consider applications against a technical and strategic plan, the *National policy statement for national networks*. They must also be satisfied that the application complies with other relevant legislation and that any adverse impacts are outweighed by the benefits.

3.16 Between March and June 2021, EWR Co undertook a second public consultation seeking views on its developing plans for East West Rail. It consulted on several detailed and local options for new sections of the route, upgrades to existing sections, upgrades to stations and future train service options. EWR Co published a report on feedback from the consultation in May 2023. The consultation received nearly 9,800 responses. The report sets out EWR Co’s ongoing work to refine options, considering the consultation responses. For each option, the report indicated the range of views expressed and which, if any, were the dominant views. A conclusion of the consultation was the decision by EWR Co not to change from its earlier decision to adopt the southern approach to Cambridge.

Views on East West Rail expressed by organisations and individuals

3.17 Local authorities, universities, businesses and other stakeholder organisations have expressed support for East West Rail. The following are examples.

- In 2021, England’s Economic Heartland published ‘Connecting People, Transforming Journeys’, a regional transport strategy developed through consultation with local transport authorities, businesses, interest groups and the public across the region. The strategy argues that investment in transport infrastructure, particularly East West Rail, is central to supporting growth in the region.
- In June 2022, four local authorities in the Cambridge region (Cambridge City Council, Cambridgeshire County Council, South Cambridgeshire District Council and Huntingdonshire District Council), Greater Cambridge Partnership and the University of Cambridge wrote jointly to HM Treasury to express their full support for East West Rail and to seek its commitment to delivering the project in full. They highlighted the risk that the region could fail to attract workers and could stagnate economically if transport links and availability of affordable housing were not improved.
- In November 2022, representing the Oxford–Cambridge Supercluster, 24 leaders of local enterprise partnerships, universities and major businesses from across the Oxford–Cambridge region wrote to HM Treasury. They sought the government’s commitment to growth in the region, as a central pillar of its ambition for the UK to become a science and technology superpower. They stated that East West Rail is essential to unlocking the current constraints on growth in the region.

3.18 During the course of our work, we heard from local members of Parliament, local authority councillors, representatives of local interest and campaign groups, and members of the public giving their views and concerns about the East West Rail project (**Figure 8**). These themes were also identified by EWR Co from its 2021 consultation, including the issues raised several times with us about a need to improve communications. EWR Co has said that it keeps its communications approach under review, and that the feedback it has received is being used to inform the project.

Figure 8

Views and concerns of local members of Parliament, councillors, residents and campaign groups

There is a broad range of views and concerns

Topic	View or concern
Consultation and communication	<p>Residents and respondents to consultations are not being listened to and are not receiving timely or adequate feedback to their questions.</p> <p>Lack of transparency and clarity over aspects of the project, for example whether the line will be electrified.</p>
Benefits from East West Rail	<p>The proposed long-term economic benefits are not certain, forecast passenger numbers are low and expectations of housing development are overly optimistic.</p> <p>Some local campaign groups challenge the calculations of increased commuter numbers and new housing development.</p> <p>Plans have not been updated to recognise changes post-COVID-19, for example fewer commuters as more people work from home.</p> <p>Businesses that the scheme aims to attract are not committed financially to the project.</p>
Freight	<p>The East West Rail project does not give enough emphasis to the transport of freight on the new line.</p> <p>A better design would lead to a reduction in heavy goods vehicles on roads and a beneficial impact on carbon emissions.</p> <p>The project should support the movement of freight from ports on the east coast of England, thereby reducing freight on the roads.</p>
The proposed route	<p>Concerns about different sections of the planned route, for example:</p> <ul style="list-style-type: none"> ● opposition to the southern approach to Cambridge, with some advocating an alternative approach from the north; ● opposition to the preferred route through, and north of, Bedford; and ● support for the 'Aylesbury Spur', a proposed new line to Aylesbury off the section of the line between Bicester and Winslow, which has not been agreed but has been promoted as part of the case for East West Rail.
Impact on the environment and local farmland	<p>The environmental impact of using diesel trains on the new line rather than electrifying the line or adopting other alternatives to diesel.</p> <p>Opposition from Cambridge residents to housing and business development that would, in their view, cause irreparable harm to the green belt around the city.</p>
Disruption to local communities during construction	<p>Increased traffic on local roads, causing congestion and increased pollution.</p> <p>Disruption for road users because of closures of level crossings and bridges.</p>
Impact of population increase in the region	<p>Increased demand for health services.</p> <p>Inadequate water supply for an increased population in the region.</p>
Interaction with other development plans	<p>Other development plans including those relating to Milton Keynes and Cambridge; and local authority plans for housing. Developers are unwilling to commit to development without more certainty over East West Rail plans.</p>
Land and property	<p>Some residents, whose properties may be affected by construction of new rail line and other infrastructure, are having to wait for years while decisions are made.</p> <p>Residents and communities will not be adequately recompensed for the impact of East West Rail.</p>

Source: National Audit Office summary of correspondence from stakeholders and results of East West Railway Company's consultations

Appendix One

Our investigative approach

Scope

1 In July 2023, we received correspondence from a member of Parliament raising concerns about the business case and strategic need for the East West Rail project, and whether it had changed following the announcement by the Department for Levelling Up, Housing & Communities (DLUHC) in July 2023 of new plans for growth in Cambridge.

2 In response, we looked at the following.

- How the context for the East West Rail project has changed over time.
- The Department for Transport's (DfT's) assessment of the case for investing in the East West Rail project.
- The arrangements in place to deliver the intended benefits.

3 Our report sets out the facts. We have not made a value-for-money judgement on the East West Rail project, nor have we undertaken a detailed assessment of the project's business case. We have not examined the progress made by the East West Railway Company (EWR Co) delivering the project's infrastructure, nor its management of the project.

Methods

4 We conducted our fieldwork in October 2023.

5 We interviewed relevant individuals from DfT, DLUHC, EWR Co and HM Treasury to get an overview of the main issues and to test our understanding of the East West Rail project. We covered a range of areas including governance and how the different bodies, including those at local level, work together; how the departments evaluate and appraise projects; changes in the government's approach to housing and growth; and how plans for growth in the Cambridge area align with the East West Rail project.

6 We sent written questions to DfT and DLUHC to get detailed responses on the estimated costs of the project; actual spend on the project; governance arrangements over the course of the project; how the departments work together; responsibilities for delivering wider benefits from the project; DfT’s strategy for electrification and rolling stock; and project milestones. We also sent written questions to the departments to help us understand the benefit–cost ratio calculations and how these have changed over time.

7 We reviewed documents provided by DfT, DLUHC, EWR Co, HM Treasury and National Highways. We reviewed these documents to establish the facts, including understanding the timeline of decisions and changes, and the benefit–cost ratio. The documents we reviewed included the following.

- The business case for the first stage of the East West Rail project (connection stage 1) and associated documents.
- The interim outline business case for the remaining stages (connection stages 2 and 3).
- DfT’s accounting officer assessments of the project.
- Documents relating to the governance of the project, including those relating to the new East West Rail Economic Growth Board.
- Documents relating to local plans for housing and growth.
- Annual reports and accounts for DfT and EWR Co.
- Publicly available information about the project and route updates.
- Media articles about the project and the government’s plans for growth and housing.

8 We have collated financial data from various sources but we have not undertaken any significant financial analysis. We discussed with DfT the cost estimates for the project and its constituent connection stages, including what had been included and excluded when calculating the estimates, and the price basis on which they are each presented. Although the estimated cost for connection stage 1 is in 2020 prices and the estimated cost for connection stages 2 and 3 is in 2021 prices, it is valid to present a combined total as the differences resulting from rebasing the estimates would not be material and, in the case of connection stages 2 and 3, it is an early estimate before the outline business case appraisal process. We have not audited any of the figures.

9 We reviewed the benefit–cost ratios set out across various appraisals, particularly those within the 2021 full business case for connection stage 1 and those that accompanied the more recent May 2023 route update announcement. We discussed with DfT the changes to the benefit–cost ratio over time, and what changes to assumptions and methodology resulted in changes to the benefit–cost ratios. We have not sought to audit or test the assumptions, methodologies or calculations that EWR Co and DfT used to produce the benefit–cost ratios for different scenarios.

10 During our fieldwork, we received submissions from councillors from local authorities along the route, representatives of local interest and campaign groups, and members of the public, giving their views and concerns about the East West Rail project. We spoke with members of Parliament, or with representatives from their offices, for three constituencies along the East West Rail route. We summarised their views in Figure 8.

11 We reviewed the reports on the responses received during the two consultations on the East West Rail project conducted by EWR Co in 2019 and 2021 (paragraphs 3.15 and 3.16). We reviewed and summarised two letters sent to HM Treasury in 2022 from local authorities, universities, businesses and other stakeholder organisations regarding the project (paragraph 3.17).

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