

Richard Fuller MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

13th July 2023

Dear Mr Davies,

East West Rail: Issues for Consideration by the National Audit Office

I recently met with your Parliamentary Liaison and with two of your colleagues in the National Audit Office with a special focus on transport. As a result of this discussion I thought I would write to you to outline issues with the progress of East West Rail, with its business case and with the emerging strategic options for Government that might alter the fundamental case for the railway.

I wish to draw your attention to the following issues with regard to the East West Rail Company:

- 1) The source and level of departmental support for the East West Rail Company
- 2) The latest "business case" (May 2023) for East West Rail which reported a Level One BCR of 0.26 and 0.36 for the "High Growth" scenario
- 3) The lack of clarity about the type of traction that might be selected by East West Rail for the Bedford to Cambridge segment
- 4) The emergence of alternative strategies to achieve the ambition to unlock economic growth in the OxCam Arc that was the original justification for East West Rail

Departmental Support for East West Rail

It is not unusual for long term projects to ebb and flow in terms of support from ministerial teams. It is unusual however for a sitting Secretary of State to state publicly that he would prefer to drop a project within in his own department on value for money grounds. This was the case for East West Rail in 2022 when the then Secretary of State told LBC listeners that "I would cut East West Rail on what's called two and three so there's the second and third tranches of it." My own discussions with various Ministers in various departments over the past two years have given me the impression that support has been inconsistent.

Benefit Cost Ratio -Latest Estimates 0.26 to 0.36

The latest business case presented by East West Rail in May 2023 confirmed the poor value for money that the project offers for taxpayers. The May Report focussed on the High Growth scenario so can be assumed to provide the "best case" for economic returns. The Level One BCR for East West Rail on this "best case" however varied between 0.26 and 0.36 and at Level Two BCR between 0.30 and 0.42.

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Lack of Clarity on type of traction for East West Rail

The original plan for East West Rail was that it would be an electrified line. This was later changed to a diesel-powered line – presumably on considerations of cost.

As time has progressed, the Net Zero obligations on Government have become stricter. There is a serious question, acknowledged by East West Rail about whether the new segment of the proposed rail line (ie the Bedford to Cambridge segment) can be constructed for diesel power and for the project to meet these environmental goals. If it cannot, then there are further questions about whether the line can be built initially for electric trains, which may in turn mean a mix of traction for the entire stretch from Oxford to Cambridge.

East West Rail is at serious risk of deciding on a line for their proposed railway but with no clear sense of how trains will be powered to use it.

Emergence of Alternative Strategies to East West Rail

The strategic case for East West Rail was made most clearly in the 2017 Partnering for Prosperity document issued by the National Infrastructure Commission which sought to unlock economic growth in the OxCam Arc via two transportation connections between Oxford and Cambridge: an Expressway and East West Rail.

Subsequent to the release of “Partnering for Prosperity” the Expressway has been shelved as an end to end road as a result of objections from Buckinghamshire local authorities.

There has been increasing interest in an alternative solution for unlocking growth. This is based broadly on a “hub and spoke” model around the academic centres rather than a “ribbon” of development between the two.

As this alternative “hub and spoke” solution progresses, East West Rail may find that it is an inferior solution. However, as the departmental responsibilities are somewhat mixed between Transport, DLUHC and the Treasury, it is unclear how any decision between these alternatives might be reached.

I would be interested to learn of the thoughts of the NAO on the issues raised in this letter and any advice that you may be able to provide about how best to investigate these further.

Sincerely

A handwritten signature in black ink that reads "Richard Fuller".

Richard Fuller MP