

## ***Rail Enhancement Budgets for all Regions?***

What would rail enhancement budgets look like for the rest of England and for Wales, if set on a similar basis to that used by the National Infrastructure Commission (NIC) for the Midlands and the North of England?

This is the question Greengauge 21 set out to answer in our report “Setting Regional Budgets for Rail Investment” published today.

£86.2bn is the amount the NIC set as a 25-year rail enhancement budget for the Midlands and North in its Rail Needs Assessment for the much anticipated Integrated Rail Plan. It even suggested that Government could – and perhaps should – increase this budget by 25%, making a total of £107.8bn.

The NIC approach broke new ground, allocating the North and Midlands budget shares of the national total based on population levels. Greengauge 21 applied the same approach for the rest of the country. But while the population of the South and East of England plus Wales is greater than that of the North and Midlands (56% against 44%), we found that the rail enhancement budget would be much lower: just £25bn.

This heralds a serious re-balancing of rail expenditure, away from London and the south east.

But why doesn't the greater population level of the South & East generate an even larger budget allocation than the less populated North & Midlands? The answer is that before making its headcount-based computation, the NIC took into account the programme of prospective major rail enhancements visible in the 'pipeline'. It found some very big projects for the North and Midlands, especially once the full cost of HS2 as well as Northern Powerhouse Rail is allocated there.

By way of contrast, the South & East has few rail enhancements in prospect. And by far the largest, Crossrail 2, has now been put on ice. According to the NIC, its budget is already largely re-allocated elsewhere. So the Crossrail 2 budget is not available to be added to the enhancement budget for the South & East in the way that HS2 and NPR budgets were added in for the North & Midlands.

There are some – smaller – budget add-ons for the South & East and Wales. The East-West Rail project is one; completion of the Great Western Electrification project is another. These add, we estimate, £6bn, making an overall total of £25bn. The way these funds would lie across the regions of the South & East and Wales is set out in the table below.

## Rail enhancement allocation: South & East England and Wales

Region/Nation (population share of England & Wales total)	Population based budget allocations  Share of Network Rail CP7 budget and rail share of strategic transport enhancement budget  £bn	Major projects:  East West Rail and GW electrification  £bn	Total  £bn
East (11%)	3.6	3.5	7.1
London (15%)	5.1		5.1
South East (15%)	5.2	1.5	6.7
South West (10%)	3.3	1.0	4.3
<b>Total South and East</b>	<b>17.2</b>	<b>6.0</b>	<b>23.2</b>
<b>Wales (5%)</b>	<b>1.8</b>		<b>1.8</b>
<b>Overall total £bn</b>	<b>19.0</b>	<b>6.0</b>	<b>25.0</b>

The allocation to London and its adjoining regions is modest by the standards of the last 20 years, during which time the Overground, Thameslink and Crossrail have been built. These projects, working together, will give the capital and the wider south east a tremendous post-Covid connectivity boost. But looking ahead, Transport for London is going to need to look for smaller-scale investments on its part of the national rail system.

### ***Decarbonisation***

Across the country as a whole, it is clear that decarbonising the transport sector will drive a need for large-scale rail electrification. Electrification falls under the rail enhancement investment budget headings considered here.

New lines such as HS2 can make major contributions on this score, reducing long-haul road and short-haul air traffic, but substantial parts of the *existing* national rail network remain to be electrified too. London and the south east is well-placed on this score. While there are a few gaps, the rail system here is very largely already electrified.

The same cannot be said for the Midlands and North, and nor can it be said for South West England and Wales. These places would merit an equivalent +25% budget uplift over the values shown in the table, just as the North and the Midlands deserve, to overcome the weaknesses of unimproved

networks and reliance on diesel-powered trains. The Government's levelling up agenda must have a Wales and West component, as well as Midlands & North.

***The way forward***

*Great British Railways* will set out a long term strategy for the railways, as set out in the recent Shapps-Williams Review. It will need to demonstrate how its investment choices reflect national policy *and* respond to local and regional priorities. Greengauge 21 Director Jim Steer says that: "the sub-national transport bodies in England should be given a formal advisory role in setting rail investment priorities and budgets. We hope this piece of work will help identify a path to budget-setting, followed by careful assessments of the economic, social and environmental benefits of rail enhancement, region by region"