

Railway industry publishes new report on the economic value of rail

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A new economic report published by independent researchers Oxford Economics shows a UK railway industry powering ahead before the pandemic struck last year.

The report, commissioned by the Railway Industry Association (RIA), shows UK rail as a major economic sector, driving growth, investment and jobs right across the UK. With the Government now looking for sectors which can help the country bounce back better, it further highlights how the sector can lead the economic recovery post-Covid.

Oxford Economics found that in 2019, the latest point where economic data is available, the rail industry supported:

- **£43 billion GVA** in economic growth, compared to **£36.4 billion** in 2016;
- **710,000 jobs**, compared to **600,000** in 2016;
- **£14 billion** in tax revenue each year, compared to **£11 billion** in 2016; and
- For every £1 spent in rail, **£2.50** of income was generated in the wider economy, compared to **£2.20** in 2016.

The report also looks at future scenarios for rail investment, based on National Infrastructure Commission (NIC) research. For example, using the NIC scenarios, the report shows that if rail investment is increased by 50%, the rail sector would contribute to the economy an additional £5.6 billion per year between 2025 and 2029, with an extra 104,000 individuals employed in the industry as a result.

Darren Caplan, Chief Executive of the Railway Industry Association (RIA), said: “This new research by Oxford Economics reveals that, pre pandemic, the railway industry was growing, and supporting even more jobs and GVA than just a few years earlier. In 2016, every pound spent in rail generated £2.20 of spending in the wider economy, yet by 2019 this had risen to £2.50. This shows that rail is not just an important sector in its own right, but is also crucial for UK plc more widely, its economy and connectivity.

“As the Government seeks to build back better – with a growing economy, which levels-up, is green, and which helps promote Global Britain – it should look no further than the UK railway industry. This report by Oxford Economics shows a burgeoning rail sector before the pandemic and how rail can provide more economic growth in the future. As passengers now return to the network we should be optimistic about rail’s ability to help with the recovery. With the right Government policy and support, UK rail can continue to be the economic powerhouse the UK will need in the months and years to come.”

Doug Godden, Lead Economist at Oxford Economics, said: “We are delighted to produce this economic research on the value of rail for the Railway Industry Association, showing that the rail industry is a sizeable sector supporting jobs and economic value across the UK. The report shows that the sector had grown significantly from 2016 to 2019 and that, under the National Infrastructure Commission’s scenarios, the industry could produce even more economic value through further rail investment.”

Huw Merriman MP, Chair of the Transport Select Committee, said at the launch of the report: “I really welcome this new report by the researchers at Oxford Economics looking at the economic contribution of rail back in 2019.

“It’s incredibly timely because effectively we need to do this all over again, when it comes to the investment we’ve seen from rail over the last 20 years or so – the doubling of passenger numbers since privatisation. Now more than ever, we need that same zeal and enthusiasm and dynamism which the industry has brought to deliver that success, so we can now pick back up after the pandemic has laid rail numbers low.”

Nick Crossfield, Alstom Managing Director, UK&I said: “We welcome, but are not surprised, by the report’s findings. As the UK’s leading rail sector supplier, we know just how important the rail industry is to transport, to the wider economy and to a low carbon future”.

Kelly Warburton, Unipart Rail’s Managing Director UK Rail & Europe said: “It is so important that the value

of the UK rail system is fully understood across the industry and in Government. This new report provides weight to the argument that investment is not only required, but is necessary to support the future prosperity of multiple sectors outside rail and the wider country. We fully support this important contribution to the debate, and commit to supporting the growth of the industry over the coming years through our services that accelerate progress, address environmental challenges and introduces more digital solutions.”

James Quinnell, Chief Commercial Officer, Colas Rail, said: “This timely research confirms and quantifies with hard data the central role the rail network plays in our country’s progress. A thriving railway which puts passengers and freight users at its heart is not only a great business case for investment but is critical to the whole economy and wider society.”

Lizi Stewart, Managing Director, UK Transportation at Atkins, said: “By evaluating the pre-Covid growth of the industry, this report highlights the critical role rail can play in driving economy recovery across all regions of the UK.

“As the rail industry continues to grow, there is a great opportunity for ED&I to be placed at its core, to deliver a sustainable workforce to tackle current and future issues such as Net Zero and the continued Covid recovery. Atkins welcomes the findings of this report, and we look forward to supporting industry and the Government to help the rail industry connect people, businesses and communities, creating vibrant economies where people can thrive.”

Photo credit: Railway Industry Association