National Audit Office

A Short Guide to the

Department for Transport

February 2018

About this guide and contacts

This Short Guide summarises what the Department for Transport does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.

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The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £734 million in 2016.

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Overview

Key facts

£21,659 million
Amount the Department, its agencies and other arm's-length bodies spent in 2016-17

£15.2 billion
Capital funding committed for investment in the maintenance, renewal and enhancement of the strategic road network (motorways and A roads) between 2015 and 2021

£38.3 billion
Budget agreed with the regulator for Network Rail's programme to operate, maintain, renew and improve the rail network across the country between 2014-15 and 2018-19

£1,886 million
Grant given by the Department to local authorities to fund local transport networks, including improvements to local roads, in 2016-17

112
Major road enhancement projects in Highways England's Road Investment Strategy, which should begin construction by April 2020

1.7 billion
Rail passenger journeys in Great Britain in 2016-17

58,467 staff
Full-time equivalent staff in the Department, its agencies and other arm's-length bodies in 2016-17

324 billion
Vehicle miles travelled on Great Britain's roads in 2016, a record high

£55.7 billion
Agreed funding for the High Speed 2 programme

About the Department

The Department for Transport (DfT) works with its agencies and partners to deliver the government's transport priorities. In most cases, the Department sets policy and investment priorities, which are delivered by a range of arm's-length bodies such as Highways England, Network Rail and the Driver and Vehicle Licensing Agency (DVLA).

The Department has four strategic objectives:

Boosting economic growth and opportunity

- Investing in infrastructure
- Supporting the UK transport sector
- Getting the regulatory framework right

Building a One Nation Britain

- Rebalancing the economy
- Devolving powers
- Keeping transport affordable and accessible to all

Improving journeys

- Enhancing and maintaining
- Technology and innovation

Safe, secure and sustainable transport

- Ensuring safety
- Maintaining and improving security
- Protecting the environment and public health

About the Department *continued*

The Department's main responsibilities include:

Roads

Investing in, maintaining and operating around 4,400 miles of the motorway and trunk road network in England through Highways England.

Working to make England's roads less congested and polluted by promoting lower-carbon transport, including cycling and walking.

Rail

Setting the strategic direction for the rail industry in England and Wales – funding investment in infrastructure through Network Rail, awarding and managing rail franchises and regulating rail fares.

Aviation

Setting national aviation policy, including future expansion of airport capacity. The Department also sponsors (though does not fund) the Civil Aviation Authority and NATS (the UK's air traffic service).

Local transport

DfT provides policy, guidance and funding to English local authorities to help them run and maintain their road networks, improve passenger and freight travel and develop new major transport schemes.

The government has a long-standing aim to devolve more responsibility for transport planning and delivery to local and combined authorities and to new sub-national transport bodies. It remains to be seen how this process of devolution will work in practice, and how the role of the Department will change.

Buses

Improving bus services in England through funding and regulation.

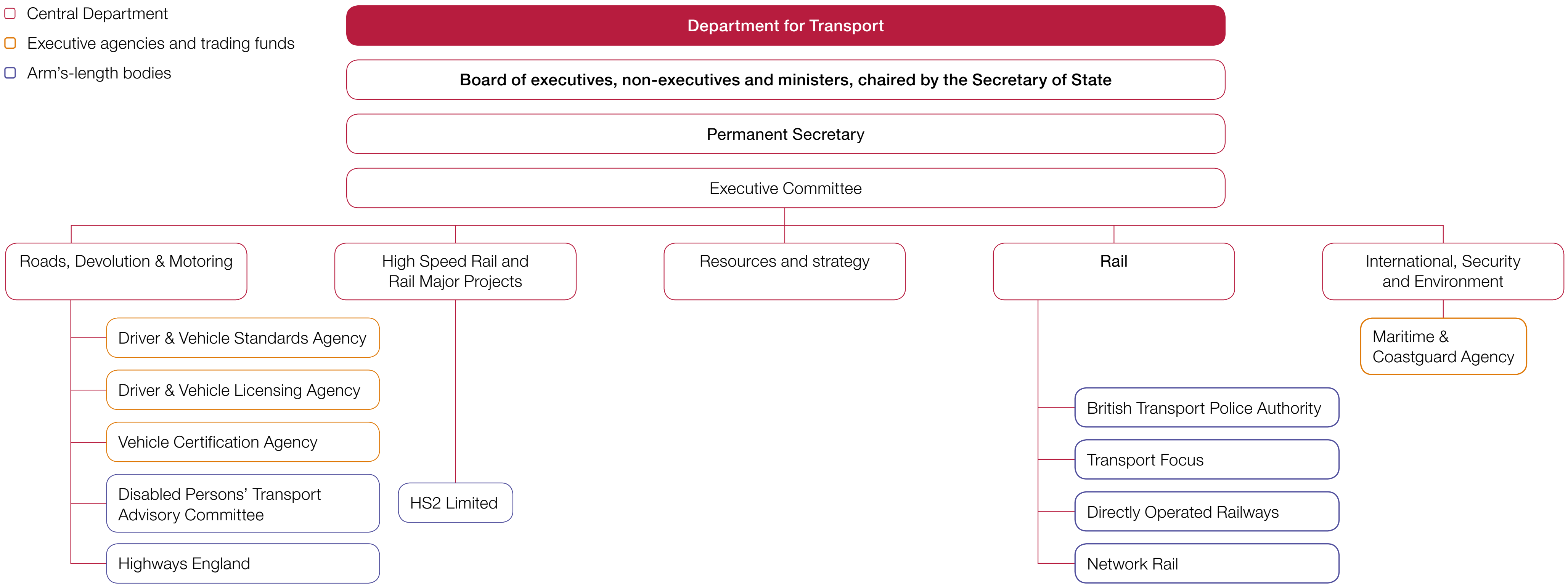
Shipping

Supporting the maritime sector by producing the overall strategy and planning policy for ports in England and Wales.

About the Department *continued*

The DfT group comprises the central (core) Department, executive agencies and a range of other arm's-length bodies including government-owned companies and executive, advisory and tribunal non-departmental public bodies (NDPBs), and public corporations. The figure below illustrates the Department's high-level organisational structure and the bodies which the Department funds and sponsors.

Departmental structure

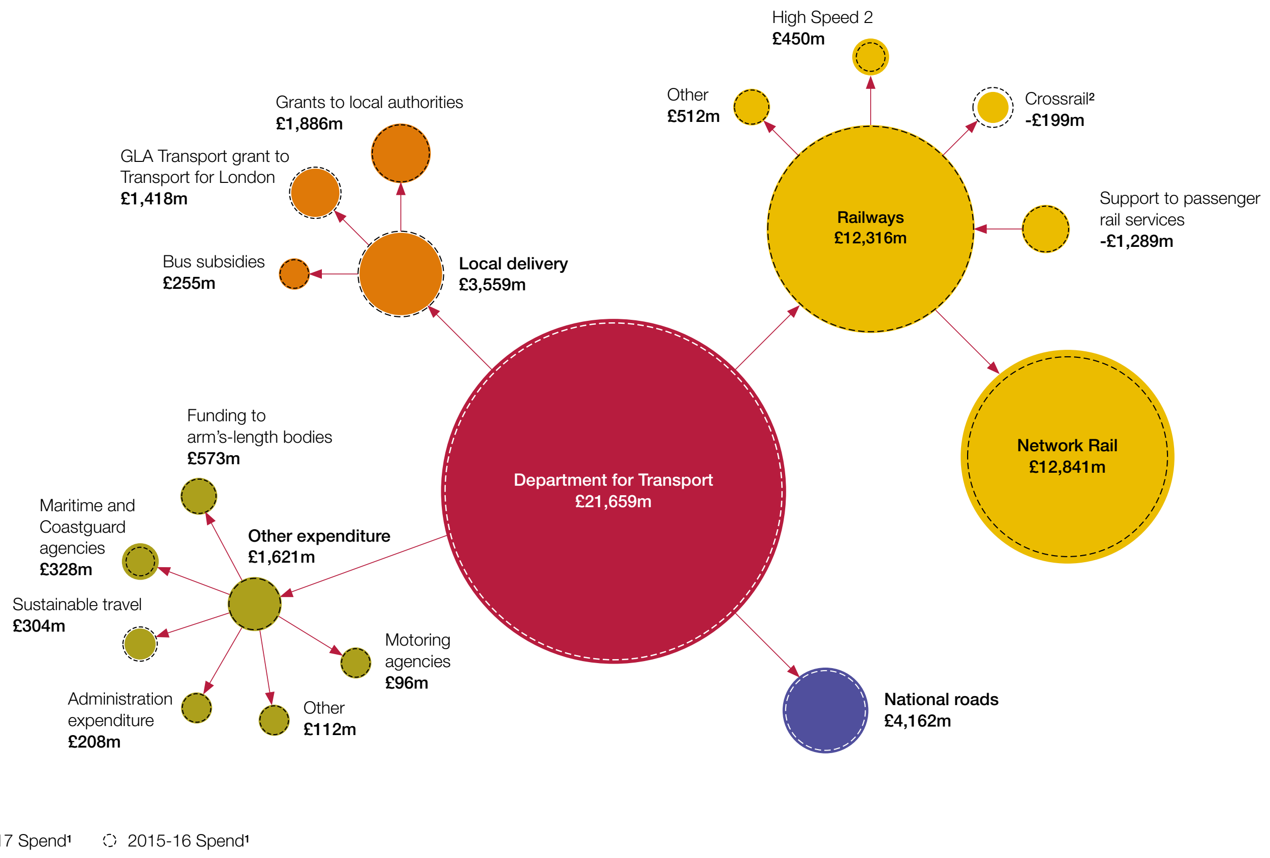


Source: Department for Transport

Where the Department spends its money

Zoom Out

Zoom In +



Notes

1 Spend is proportional by area with the same factors used for 2016-17 as for 2015-16. All spend figures are based on the Department's Statement of Parliamentary Supply (resource and capital spend combined).

2 Crossrail net income in 2016-17 was £199 million, but there was net expenditure of £829 million in 2015-16.

Source: Department for Transport, Annual Report and Accounts 2016-17

Accountability to Parliament

Permanent Secretary

The Department's Accounting Officer (AO) is personally responsible and accountable to Parliament for managing DfT, its use of public money and stewardship of assets as set out in Managing Public Money.

In 2016, the NAO reported that accountability to Parliament for the use of taxpayers' money has been weakened by the failure of the government's accountability arrangements to keep pace with increasingly complex ways of delivering policies and services and a shift in the incentives on permanent secretaries. Following this report, and the recommendations of the Committee of Public Accounts, all departments are required from 2017-18 to publish an Accounting Officer System Statement (AOSS) outlining how the AO gains assurance over all public spending for which the department is responsible.

Accounting Officer responsibilities

A key element of the accountability process is the duty of the AO to appear in front of the relevant select committee, in this case the Transport Committee, to explain the performance of his/her department.

Another important element of accountability is Ministerial Directions. If the AO has concerns about the propriety, regularity, feasibility or value for money of a proposed course of action that cannot be resolved, they should request a formal Ministerial Direction before proceeding.

- As detailed in our report on DfT's funding of the Garden Bridge project, the AO sought a Ministerial Direction during 2016-17: "*On 24 May 2016, in accordance with Managing Public Money, the then Accounting Officer sought a Ministerial Direction to provide indemnity against cancellation liabilities in relation to the Garden Bridge project. He believed the Department to be at the very limit of what he regarded as proportionate or prudent financial exposure to the risk of the project not proceeding. The Secretary of State formally directed his Accounting Officer to increase the Department's pre-construction exposure for a limited period, citing wider benefits to the government's agenda and the London economy.*" Following the Direction, DfT indemnified the Garden Bridge Trust against cancellation liabilities of up to £15 million until September 2016.
- In August 2017 the Garden Bridge Trust announced that it had decided to cancel the project. It is not yet clear how much of the Department's £22.5 million exposure to the project (the maximum amount the Department would stand to lose if the project could not proceed) it will lose.

How DfT's accountability is organised

Executive agencies and government companies

The permanent chief executives of DfT's executive agencies (including DVLA and DVSA (the Driver & Vehicle Standards Agency)), non-departmental public bodies (including HS2 Ltd) and government companies (Network Rail and Highways England) are appointed as Accounting Officers by DfT's Permanent Secretary and so are also accountable for the stewardship of public funds in line with *Managing Public Money*.

DfT's relationship with local authorities

DfT also provides local authorities with grants to support the improvement and management of local transport networks. DfT maintains oversight over use of some of these grants, such as its funding of the Crossrail programme. Much of these local transport grants, however, are not ring-fenced and form part of the broader government block grant for which the Department for Communities and Local Government is accountable.

Key trends across the Department

People are using transport more than ever before

After a long period of growth in demand, 2016-17 saw a record high in the use of transport, both public and private, in Britain since comparable statistics began in 1983. This has put increasing strain on transport infrastructure, with many systems running at or near full capacity.

Transport usage

1.7 billion

rail passenger journeys in Great Britain in 2016-17; numbers have more than doubled since privatisation in 1994-95.

268 million

passengers at UK airport terminals in 2016, the sixth successive year of growth, taking numbers to new record levels.

324 billion

vehicle miles travelled on Great Britain's roads in 2016, a new record high.

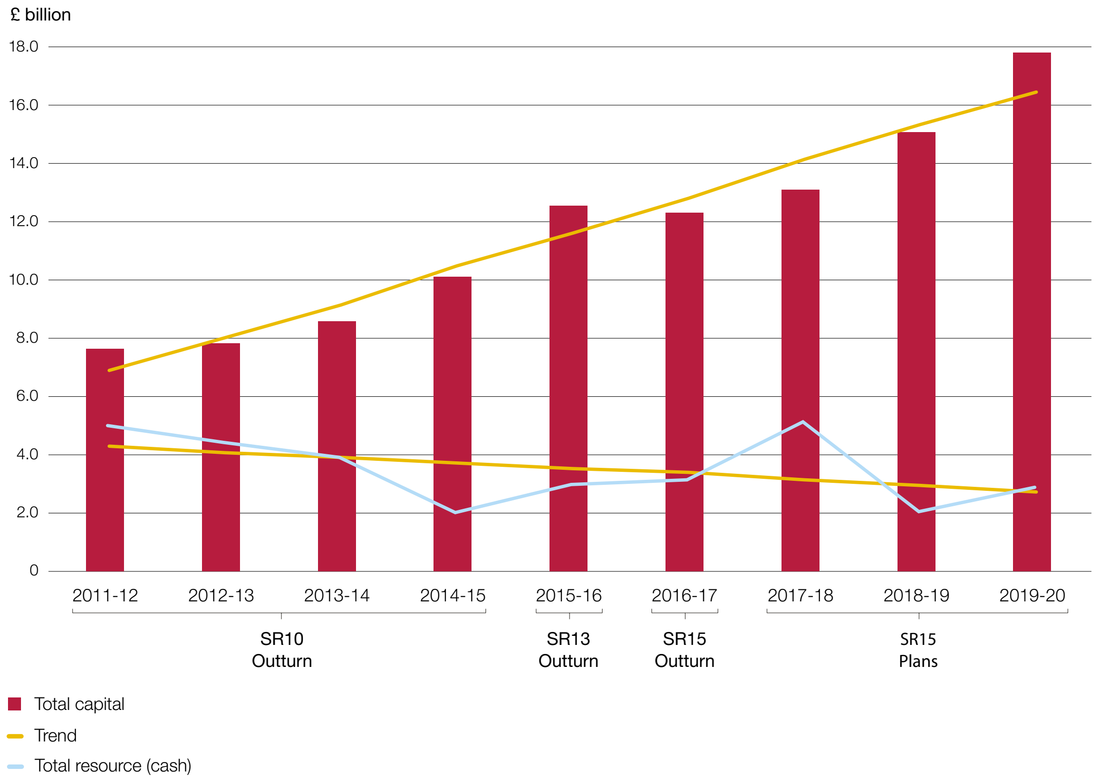
3 million

road goods vehicles travelled from Great Britain to mainland Europe in 2016-17, a record high.

Zoom Out

Zoom In+

Since around 2011-12, DfT has increased capital spending, including spending on major projects, while it has reduced funding to run itself and its arm's-length bodies



Note

1 SR10, SR13 and SR15 refer to the spending reviews from 2010, 2013 and 2015.

Source: Department for Transport, *Annual Report and accounts 2016-17*, page 109

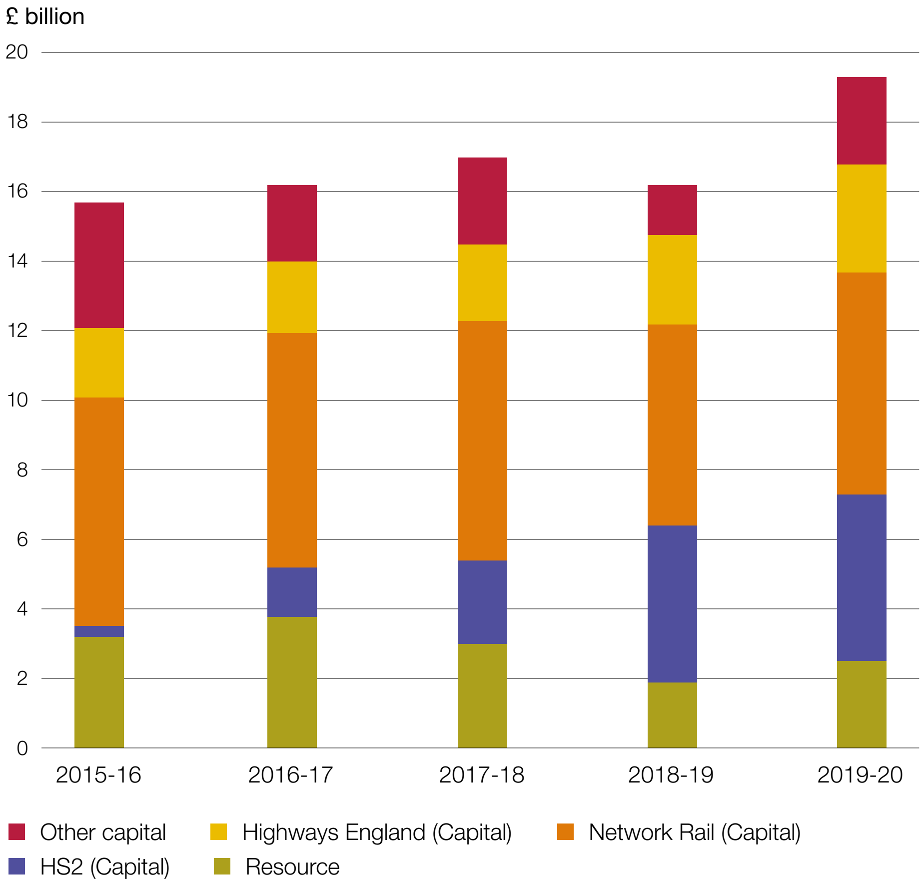
Key trends across the Department *continued*

Capital spending will shift towards High Speed 2 in coming years

- The latest spending review settlement includes significant capital funding for several major transport projects. High Speed 2 is the largest single project.
- As construction on this project gets under way from 2017 onwards, capital spending will spike sharply, offset in part by reduced capital funding for Network Rail.
- There is also significant investment in other large projects to improve the strategic road network.
- The spending review called for an overall reduction to DfT's resource budget of 37% by 2019-20, meaning that the Department and its arm's-length bodies will continue to have fewer resources with which to deliver its projects.

Zoom Out Zoom In+

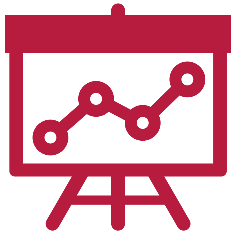
Spending review settlement for 2015-16 to 2019-20



Source: Department for Transport

Key trends across the Department *continued*

The C&AG's qualified audit opinions



The NAO audits the financial accounts of all government departments and their arm's-length bodies on behalf of the Comptroller and Auditor General (C&AG). The C&AG provides an opinion on whether an organisation's financial statements present a true and fair reflection of the financial transactions that took place during the year. The C&AG may present a qualified audit opinion if funds voted by Parliament have not been spent as was intended or according to guidance set out by HM Treasury (a qualification on the grounds of regularity). He can also present a qualified opinion if the accounts contain significant errors or misstatements.

In 2016-17, the C&AG gave two qualified audit opinions for the Department for Transport group, both on the grounds of regularity:

- HS2 Ltd implemented compulsory and voluntary redundancy schemes during the financial year. The terms of these schemes were substantially in excess of both the statutory levels allowed in HS2 Ltd's framework document, and the terms of the Civil Service Compensation Scheme. HS2 Ltd ran these schemes without authority from the Department or HM Treasury, as their framework document required. We therefore concluded that the redundancy commitments made by HS2 Ltd did not conform with the authorities which govern them, and that the expenditure associated with their enhanced terms was irregular. We estimated these additional costs to be approximately £1.76 million out of the total £2.76 million commitment for these schemes. The C&AG's report on HS2 Ltd's accounts is shown on page 82 of HS2 Ltd's Annual Report www.gov.uk/government/uploads/system/uploads/attachment_data/file/630118/hs2_annual_report_and_accounts_2016-17.pdf. The Public Accounts Committee heard evidence on this issue and published a report on 15 December 2017, concluding that this irregular expenditure had occurred because "there appears to be a culture within HS2 Ltd of failing to provide full and accurate information to those responsible for holding it to account".

- During the financial year, Transport Focus agreed severance terms with three employees in excess of its contractual obligations. It did not get prior approval from the Department or HM Treasury as required by its framework agreement. Although the Department provided retrospective approval for the payments, HM Treasury did not. We therefore concluded that the payments, totalling nearly £59,000, were irregular.

Insights from NAO reports

As the Department has increased its investment of public money in rail infrastructure, the NAO's work has focused on the delivery of major infrastructure investments in pursuit of three of the Department's four strategic objectives.

Departmental objective	NAO insight
Boosting economic growth and opportunity • Investing in infrastructure. • Supporting the UK transport sector. • Getting the regulatory framework right. **Building a One Nation Britain** • Rebalancing the economy. • Devolving powers. • Keeping transport affordable and accessible to all.	We have reported on some of the Department's biggest investments in transport infrastructure, including High Speed 2 and the Road Investment Strategy, and have highlighted the importance of planning for how transport projects will drive growth and how transport users will benefit: • Our 2016 report on High Speed 2 found that the Department and HS2 Ltd have developed a structured plan for delivering regeneration benefits at an early stage, and that combined local authorities had begun to produce plans for how to capitalise on the opportunities provided by High Speed 2. However, the £55.7 billion overall funding package does not cover funding for all the activity needed to deliver the promised growth and regeneration benefits, which is the responsibility of local authorities. • Our report Progress with the road investment strategy found that the Department developed the first strategy before it had a complete understanding of whether the 112 road enhancement projects in the portfolio represented best overall value. The report also set out the need for a further step-change in Highways England's capability and stronger oversight from the Department as future projects will be larger and more complex and require improved planning for wider economic benefits.
Improving journeys • Enhancing and maintaining. • Technology and innovation.	We have produced a number of reports on the Department and its delivery bodies' management of major enhancement projects. • Our work on Modernising the Great Western railway, from November 2016 showed that in 2015 Network Rail re-planned the infrastructure programme after it became clear that costs were increasing and the schedule could not be met. Electrification between Maidenhead and Cardiff is now expected to cost £2.8 billion. This is an increase of £1.2 billion (70%) against the estimated cost of the programme in 2014. • Our recent investigation on the Sheffield to Rotherham tram-train programme provides another example of Network Rail underestimating the complexity of its tasks, leading to cost increases of more than 400% and delays of two-and-a-half years. • In April 2017 we reported on the Department's South East Flexible Ticketing Programme. The Department has spent £54 million on the programme, compared with the original budget of £45 million. In total, the Department has spent at least £120 million to achieve the current level of smart and flexible ticketing on the national rail network in the south-east of England.

The national rail network

How is it delivered?

In your area

Recent and planned developments

What are the things to look out for?

How is it delivered?

The Department's two main responsibilities with regard to the national rail network are to provide funding and set the priorities for Network Rail's maintenance, renewal and enhancement of the rail network to support passenger rail services and movements of freight, and to let and manage passenger rail franchises to private Train Operating Companies. The two activities are dependent on one another. The roles and responsibilities of the main organisations involved in each activity are set out below.

The rail network

DfT specifies the outputs it wants Network Rail to deliver in England and Wales over a five-year period and sets out the public funds available to deliver them. Transport Scotland has the equivalent role for Scotland.

Network Rail owns and operates the vast majority of Britain's rail infrastructure. It is responsible for delivering the renewal and enhancement projects approved by the Department. It is also responsible for the day-to-day maintenance of the network infrastructure.

The Office of Rail and Road is responsible for regulating Network Rail's plans. It determines what it considers the efficient price for which Network Rail should deliver the outputs specified by government during each control period. It also monitors Network Rail's progress against this and, as the regulator, holds Network Rail to account.

Network Rail's investment programme has been extensively replanned since 2015 when rising costs and delays made it clear that the programme was unachievable in its original form. Network Rail spent £12.8 billion in 2016-17.

Rail franchising

Passenger rail services are run by private sector companies on franchises that typically run for between seven and 10 years. Devolved transport authorities such as Transport Scotland and Transport for London are responsible for awarding some contracts, such as ScotRail and the London Overground.

DfT sets overall rail policy and strategic objectives. It lets and manages the 15 passenger rail franchises in England and Wales, pays subsidies to loss-making rail franchises and receives premium payments from profit-making franchises. The Department is also the 'operator of last resort' should an operator fail.

Network Rail charges franchise operators to access the railway to run services.

Train Operating Companies operate passenger rail services. They pay Network Rail to access track to run services and lease trains from owners, usually Rolling Stock Leasing Companies.

The Office of Rail and Road grants licences to Train Operating Companies to run passenger rail services. It also monitors and enforces compliance with health and safety law on the railway, and considers applications from Train Operating Companies to run 'open access' services to use up available capacity on the rail network.

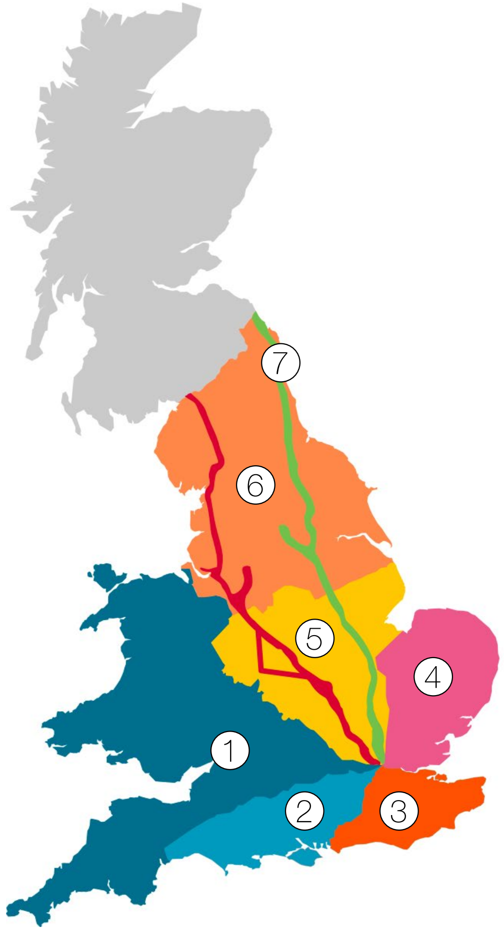
In your area

Network Rail revised its programme of rail enhancements for the current investment period (to April 2019) following the Hendy Review in November 2015. The revised programme is summarised by region in the graphic to the right.

In July 2017, the Secretary of State announced further changes to this programme. Of particular note, the electrification of the TransPennine route, the East Midlands mainline beyond Kettering and the Great Western mainline from Cardiff to Swansea have been cancelled, with the Department planning to pursue alternative options to improve services in these areas.

Zoom Out

Zoom In +



1 Western and Wales

On the Great Western Main Line and into Wales there will be more seating capacity together with improved service frequency, connectivity and journey times. Also capacity benefits on the routes from London to the Cotswolds and to the South West.

1 Western Thames Valley

Inner suburban. 40% increase in peak hour capacity into London Paddington and frequent cross-London direct services via Crossrail. The outer suburban services have a greater seating capacity of around 10% as well as improvements in journey times.

2 Wessex

A capacity increase of around 20% for peak services on main suburban routes into Waterloo. South West Main Line services will see around 5% additional capacity through longer trains.

3 Kent

Up to 20% additional capacity during peak travel times on suburban routes. New station at Rochester.

3 BML/Sussex

More capacity on Thameslink services to and from London Bridge and on Uckfield peak services. A wider range of cross-London services.

4 Anglia

Increased frequency of services between some local West Anglia stations.

On the Great Eastern Main Line, suburban services will see a significant overall increase in peak capacity for passengers as a result of Crossrail. Suburban passengers inwards and Shenfield will also have new direct cross-London opportunities.

5 Chilterns

Two trains per hour will operate between Oxford and London Marylebone via Bicester, with services to Oxford Parkway commenced earlier this year.

5 Midlands

Additional seating capacity between Walsall and Rugeley, and an extra four trains per hour from north Worcestershire into Birmingham. There will be more seats and faster journeys between Leicester, Nottingham, Derby and Sheffield and London, and a sixth train per hour long-distance service running between Kettering and London. Electrification of the Midland Maine Line to Corby will be completed in December 2019. Extra capacity on the cross-London Thameslink route.

6 North

Delivering the North West electrification and Northern Hub benefits and developing the TransPennine Route Upgrade to provide significant improvements in service frequencies and journey times. Passengers will benefit from electric trains to provide additional seating capacity on some routes, and an increase to six trains an hour between Manchester and Leeds. Reduced journey times on other routes.

7 East Coast Main Line

There will be more seating capacity, with new trains replacing the current long-distance fleets, together with improved service frequency and journey times. South of Peterborough, new trains and additional cross-London connectivity on the Thameslink route.

Note

1 The red line on the map is the West Coast main line, the green line is the East Coast main line.

Source: Network Rail, *The Hendy Review*, November 2015. Available at: www.networkrail.co.uk/who-we-are/publications-resources/our-plans-for-the-future/the-hendy-review/

Recent and planned developments

Rail electrification projects

One of the categories of major enhancement project carried out by Network Rail is the electrification of main lines. Network Rail's plans for the 2014 to 2019 investment period included a number of major electrification projects allowing for faster, greener, more reliable journeys for passengers and supporting economic growth in Britain. In a statement to the House of Commons on 25 June 2015, the Secretary of State announced that planned electrification work on the Midland Main Line and the TransPennine route would be paused. The other major electrification project, Great Western Main Line from London to Swansea, was seen as a top priority.

Following a review of Network Rail's plans for Control Period 5 by the Chair of Network Rail, in September 2015 the Department agreed that work could re-start on the paused Midland Mainline and TransPennine electrification schemes.

On 20 July 2017 the Department announced that electrification of the Great Western Main Line between Swansea and Cardiff would not go ahead. It also cancelled planned works to electrify the Midland Main Line north of Kettering to Sheffield and Nottingham and the line between Windermere and Oxeneholme in the Lake District. The Department said the benefits of faster and more comfortable journeys that the electrification was meant to achieve would instead be delivered using 'bi-mode' trains, which can run on either electric or diesel power. In our November 2016 report on the modernisation of the Great Western Main Line we recommended that the Department review the business cases for further electrification.

Progress with the modernisation of the Great Western Main Line

The programme involves the provision of overhead electric lines to power trains and other infrastructure works including upgrades to signalling, tracks, stations, bridges and tunnels. At the time of our report the forecast cost for the modernisation was £5.58 billion. The programme also involves the introduction of new fleets of trains.

DfT is responsible for setting high-level requirements for rail infrastructure and for funding the work and for commissioning the new trains to replace ageing High Speed Trains (sometimes known as the intercity 125s) fleets on the main line by the end of 2018. Network Rail is responsible for delivering the infrastructure works.

In 2016, NAO found that there had been significant cost increases and delays to the programme, largely due to issues with work on Network Rail's infrastructure and poor programme management by the Department.

The report also found that:

- before 2015, the Department for Transport did not plan and manage all the projects which now make up the Great Western Route Modernisation industry programme in a sufficiently joined-up way;
- Network Rail's initial timetable for electrification was unrealistic and was not based on a bottom-up understanding of what the works would involve;
- costs for the infrastructure work rose by more than £2 billion, in part because Network Rail's earlier cost estimates were unrealistic;
- failings in Network Rail's approach to planning and delivering the infrastructure programme further increased costs, estimated at up to £330 million; and
- Network Rail has a challenging task to deliver the main benefits from the infrastructure programme, even within the revised schedule and budget.

Recent and planned developments *continued*

The rail franchising programme

Southern Rail

The second half of 2016 saw severe disruption to services run by Govia Thameslink Railway Ltd on the Thameslink, Southern and Great Northern franchise. The franchise has suffered high levels of service cancellations, with the Southern Rail portion of the franchise being particularly affected due to industrial action by the two main rail unions, ASLEF and the RMT.

We published a report on the performance and the Department's management of the franchise in January 2018.

The Intercity East Coast franchise

In 2014, Virgin Trains East Coast (VTEC) won the right to operate services on the East Coast route between 2015 and 2023. In November 2017, the Secretary of State for Transport announced that the Department was not expecting the franchise to continue to operate to 2023, due to financial difficulties being experienced by the operator. In February 2018 the Secretary of State updated the House of Commons on the position. In the longer term, the Department plans to start a new competition for a private sector operator to work closely with Network Rail in a new 'East Coast Partnership'.

A combined West Coast and HS2 franchise

On 4 November 2016, the government announced a new rail franchise which will combine the current InterCity West Coast services with the development and introduction of High Speed 2 services. The new franchise, called the West Coast Partnership, will be responsible for services on the West Coast Main Line from 2019 and for designing and running the initial high speed services from 2026.

Andrew Jones, the Transport Minister, stated "By combining the franchise we are ensuring we get the right people on board at an early stage to design and manage the running of both services in the transition stage. The new franchise will attract highly experienced companies, who have the right experience, which ultimately means a better deal for passengers – both now and in the future."

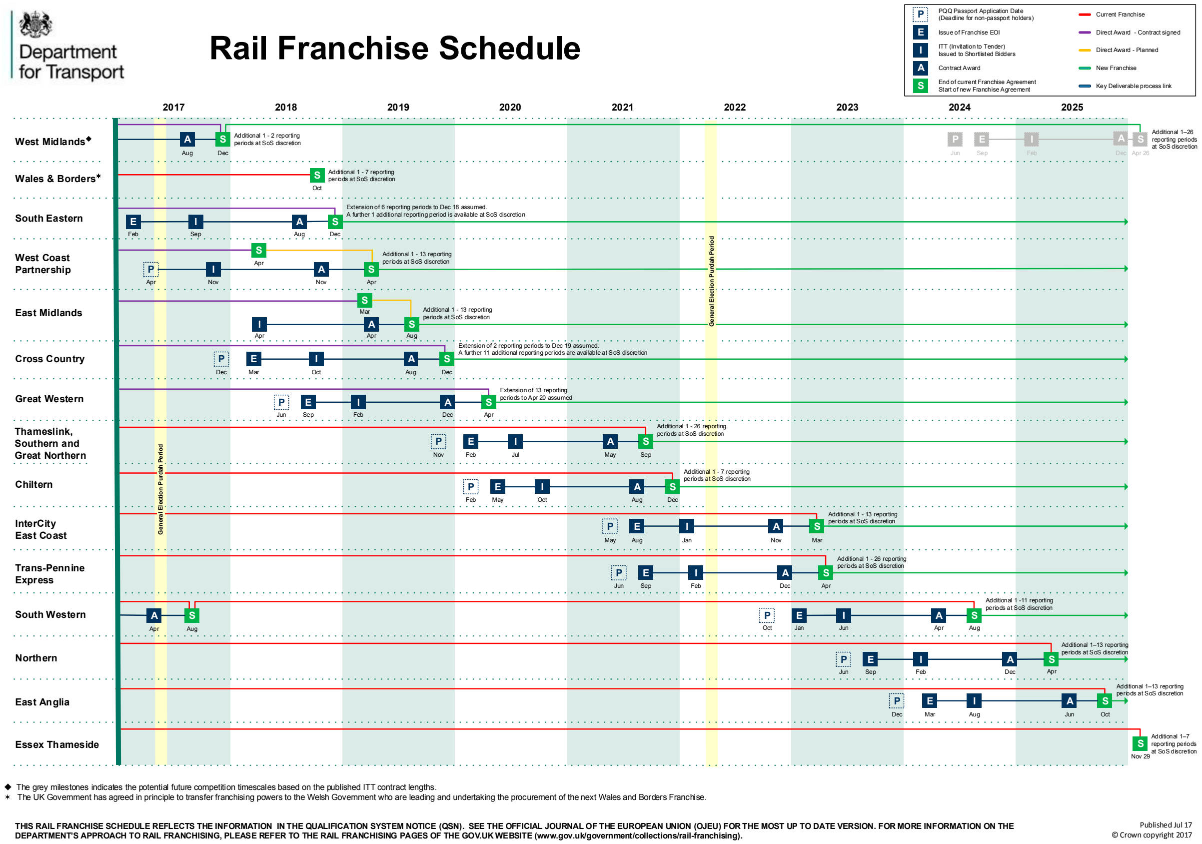
In June 2017, the Department announced a shortlist of three bidders. Each consortium contains companies with experience in running high speed rail services and services in the UK.

Recent and planned developments *continued*

The Department for Transport's schedule of rail franchise competitions

Zoom Out

Zoom In +



Source: Department for Transport. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/630238/rail-franchise-schedule.pdf

What are the things to look out for?

Issue	Future developments, risks and challenges
Thameslink services to start	The Thameslink programme, is increasing north-south rail capacity through central London. A new timetable is being progressively introduced from May this year and is scheduled for completion in December 2019. In addition to improvements to stations and tracks, the new service will use new class 700 trains with eight to 12 carriages. The programme is highly complex with challenging interdependencies to manage, particularly because it is being carried on a busy section of the national network, with risks of significant disruption for passengers. Passengers on the Thameslink, Southern and Great Northern franchise have experienced high levels of disruption in recent years. In November 2017, we published a report on progress with the Thameslink programme and in January 2018 we published a report on the performance of the Thameslink, Southern and Great Northern franchise.
Network Rail's High-Level Output Specification (HLOS) for the 2019–2014 rail investment period	The HLOS sets out the programme of work agreed between the Department and Network Rail to be completed in each investment period. The HLOS, and the accompanying Statement of Funds Available for Control Period 6 (which will run between 1 April 2019 and 31 March 2024) was published on 20 July 2017. The production of the HLOS is a highly complex exercise which needs to balance spending on enhancing the railway with maintaining and improving the reliability and resilience of the existing network.
The Digital Railway	'Digital rail' covers a number of technologies designed to improve reliability and capacity on the rail network. £450 million was announced in the 2016 Autumn Statement for accelerated deployment of digital signalling schemes. The Secretary of State for Transport announced, in September 2017, development funding to explore digital signalling on the TransPennine route. The Department is exploring further schemes which will be selected based on the benefits they would deliver, as well as their affordability and value for money.
Development of an East-West franchise	An east-west rail service linking Oxford with Norwich and Ipswich has been in development for a number of years and will largely use existing sections of under-used railway. In December 2016 Chris Grayling announced plans for private company to complete the infrastructure work and run the rail services. If this proceeds it would mark a significant new development, with private finance replacing Network Rail and greater integration between rail infrastructure and running services. With this, however, come risks to value for money including ensuring effective governance and oversight.
New trains for the Great Western and East Coast mainlines	With the Intercity Express Programme (IEP), the Department procured new fleets of trains for the Great Western and East Coast mainlines. Delivery and introduction of these trains on time is important to deliver passenger benefits, and if the Department is to avoid having to meet additional costs due to the delays. In our 2014 report *Procuring new trains* and our 2016 report on the modernisation of the Great Western Main Line we stated that the programme has suffered delays and that the Department did not manage the interdependencies between the train procurement and the broader improvement of the Great Western Main Line from the outset. This has produced risks to value for money.
Increased integration between track and train	The Secretary of State has stated his intention for more 'vertical integration' of the rail system, meaning more effective working and better alignment of incentives between the owner of the infrastructure (Network Rail) and the Train Operating Companies who run train services. This has been attempted before (the Wessex partnership between Network Rail and South West Trains), without great success. Success will depend on finding a model that accommodates the commercial priorities of Network Rail and Train Operating Companies.

High Speed 2

How is it delivered?

In your area

Recent and planned developments

What are the things to look out for?

How is it delivered?

High Speed 2 is a £55.7 billion programme to create a new high speed rail service between London to Manchester and Leeds, via Birmingham. The Department's objectives for High Speed 2 are to enable economic growth by increasing capacity to meet existing and future rail passenger demand, and to improve connectivity between UK towns and cities. The Department also aims to encourage additional investment to drive regeneration, particularly in areas around stations.

The main delivery bodies are:

- the Department, which funds and sponsors the programme and is ultimately accountable for delivery of the benefits; and
- HS2 Ltd, which is a company wholly owned by the Department, and is responsible for developing, building and maintaining the railway.

The overall success of the programme also depends on other organisations including:

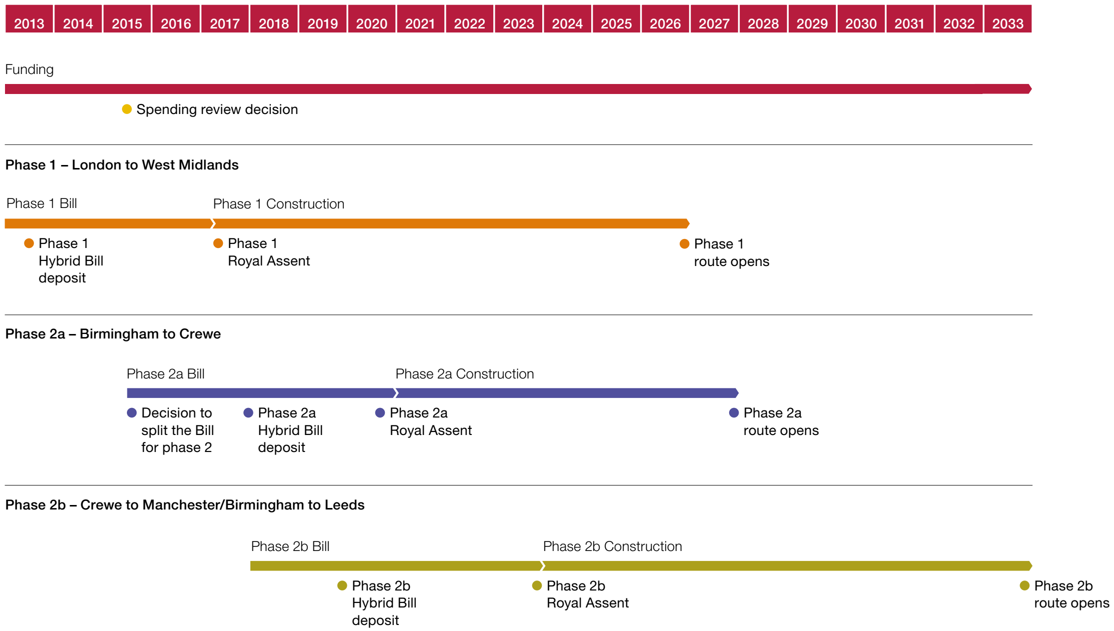
- Network Rail, which will carry out work on the existing network that is required for High Speed 2; and
- the Department for Communities and Local Government, which is responsible for coordinating delivery of wider benefits including regeneration around stations.

The diagram opposite shows the current timetable for the construction of High Speed 2.

Zoom Out

Zoom In +

High Speed 2 timetable



Source: Department for Transport

In your area

When complete, High Speed 2 will be made up of around 350 miles of new track. The picture opposite shows, in broad terms, the planned route and new stations. The Department and HS2 Ltd plan to build the railway in three phases:

- Phase 1 between London Euston and the West Midlands is due to begin construction in June 2018 and open in 2026.
- Phase 2a, between the West Midlands and Crewe is expected to open in 2027.
- Phase 2b, completing the full network to Manchester and Leeds, is due to open in 2033.

The construction of High Speed 2 will cause significant disruption. HS2 Ltd has to purchase the land on which the railway will be built, often by compulsory purchase order. Some of the most challenging elements of the construction programme take place on or near the existing railway, for example:

- The station at Euston is a complex project which will need close cooperation between Network Rail, HS2 Ltd and Train Operating Companies to minimise disruption to passengers and train services. The Euston project also involves the reconfiguration of Euston Underground station.
- The planned new station at Old Oak Common is being built at an important interchange for Crossrail and other mainline rail services. Construction of the new station is dependent on clearing the site, including the removal of existing depots for Great Western and Heathrow Express trains, and providing alternative facilities where necessary.

Local authorities and combined authorities affected by the route are developing High Speed 2 growth strategies which set out the projects needed to maximise the benefits of High Speed 2. For example:

- The West Midlands Combined Authority estimates that the cost of its planned work amounts to £3 billion–£4 billion. The plans include improving connectivity between the two West Midlands stations at Birmingham Curzon Street and Birmingham Interchange, and the wider region, investment in areas around the two stations, and work to support business, improve skills and capitalise on employment.

Zoom Out

Zoom In+

High Speed 2 route

Source: Department for Transport

Recent and planned developments

On 17 July 2017 the government made a series of announcements regarding High Speed 2:

- The Secretary of State confirmed details of the route for Phase 2b (the eastern section), which will connect Birmingham to Leeds. The final route will run east of Sheffield, and connect to that city via a separate spur. The route caused some controversy as it will require the demolition of a number of new homes in Mexborough, South Yorkshire.
- The government announced £6.6 billion of civil engineering contracts for phase 1 of the project, stating that this would support 16,000 new jobs and create work for thousands of small and medium-sized enterprises.
- The government deposited the hybrid 'High Speed Rail (West Midlands to Crewe) Bill' with Parliament to secure the powers to construct and maintain Phase 2a of HS2.
- A consultation on potential upgrades to the station at Crewe in addition to the core works planned as part of HS2 was launched. A proposed hub station could improve passenger services through Crewe and also increase freight volumes.

We published our most recent update on Progress with preparations for High Speed 2 in June 2016. We concluded that:

- the Department and HS2 Ltd had taken steps to address weaknesses in the business case that we had identified in 2013;
- the 2026 target opening date for phase 1 was at risk. However, there were a range of indications that the schedule was under pressure. For example, HS2 Ltd was only 60% confident that it will complete phase 1 by December 2026;
- the programme faces cost pressures. For phase 1 of the programme the current forecast cost slightly exceeds available funding by £204 million, and there is less contingency to deliver phase 1 than the Department and HS2 Ltd were aiming for at this stage. At the 2015 spending review, the estimated cost of phase 2 exceeded available funding by £7 billion; and
- effective integration of High Speed 2 with the wider UK rail system is challenging and poses risks to value for money. In the coming years the Department will need to address a number of issues including how High Speed 2 services will complement or compete with other rail services, and how High Speed 2 will interact with proposed improvements in the north.

On 15 December 2017, the Public Accounts Committee published its report on High Speed 2 Annual Report and Accounts, noting that:

- HS2 Ltd had identified savings of £3.5 billion in phase 2 of the programme, although forecast costs still exceed available funding.
- HS2 Ltd intended to bring the costs of phase 2a within the funding envelope by October 2022.

What are the things to look out for?

Issue	Future developments, risks and challenges
Deposit of the Hybrid Bill for Phase 2a	The hybrid Bill for phase 2a of High Speed 2 (the section running from Birmingham Interchange station near Solihull in the West Midlands to Crewe) was deposited in July 2017 and the second reading took place on 30 January 2018.
HS2 Ltd capability to deliver the programme	HS2 Ltd is building its capability at the same time as starting to deliver the programme. In June 2016, the NAO found that HS2 Ltd was behind the original timetable set by the Department for reaching the level of delivery readiness – including meeting defined capability levels and preparing a cost and schedule baseline. It is important that HS2 Ltd builds and embeds the organisational capability, and produces fully assured plans to enable it to complete all this work on schedule and to a high standard. However, our report on HS2 Ltd's 2016-17 accounts and a subsequent PAC hearing identified weaknesses in financial controls and raised concerns that a culture of non-compliance with government regulations existed at the company.
Programme costs	Managing and controlling the costs of the programme effectively will be crucial to its success. At the time of our June 2016 report, the expected costs of phase 1 of the programme exceeded available funding by £204 million. At the 2015 spending review, the estimated cost of phase 2 exceeded available funding by £7 billion. By June 2016, work by the Department, HS2 Ltd, and a review commissioned by the Cabinet Office had identified the potential to save around £9 billion on phase 2 of the programme. £2 billion of these savings have been agreed, and the Department has asked HS2 Ltd to look at incorporating the remaining potential savings into its next cost estimate. Cost estimates for phase 2 are at a much earlier stage of development than phase 1 and some elements are currently unfunded.
Managing and funding delivery of benefits	The introduction of High Speed 2 to the national network will have an knock-on impact on every part of the rail network in the UK, so managing the complex interdependencies on the network to ensure that overall value for money is delivered will be a significant challenge. The £55.7 billion funding package covers the cost of building the railway and buying new trains and maintenance depots. However, local authorities, in partnership with others such as Local Enterprise Partnerships, are responsible for driving regeneration and local growth benefits, and there is a risk that these wider benefits will not materialise if funding cannot be secured.
The challenge of building a new station at Euston	The construction of the High Speed 2 station at Euston will involve 11 new platforms that will be built at the station in two stages. The Euston project also involves the reconfiguration of Euston Underground station to enable it to cope with increased demand. Planning and delivering this work efficiently and effectively, including managing the complex range of independencies involved in minimising disruption and maintaining passenger services, will be a major challenge. The new West Coast Partnership franchise will be key to the success of the Euston works. In addition to building the new station, HM Treasury has approved a further £417 million for works to enable over-site development at the station.

For more information on the forthcoming risks and challenges in planning and delivering High Speed 2, see the National Audit Office report, Progress with preparations for High Speed 2.

Roads and local transport

How is it delivered?

In your area

Recent and planned developments

What are the things to look out for?

How is it delivered?

Road Investment Strategy

The strategic road network in England comprises around 4,400 miles of motorways and major A-roads. It carries one-third of all traffic and two-thirds of freight traffic. In 2014, the government announced details of the first Road Investment Strategy, a five-year programme of work beginning in April 2015 for the strategic road network.

The main objectives of the Strategy are to:

- support economic growth;
- establish a safe and serviceable network;
- create a more free-flowing network;
- improve the environment; and
- improve accessibility and integration of the network.

Increased funding for the strategic road network

In its 2015 Road Investment Strategy (RIS), the government announcement a commitment of £11.4 billion of capital funding over five years from 2015-16 to 2019-20, a significant increase on previous funding levels (see chart). Of this, £7.7 billion was allocated to road enhancement works and £3.7 billion was allocated to renewing the network. A further £1.5 billion was allocated to maintaining the strategic road network.

How is it organised?

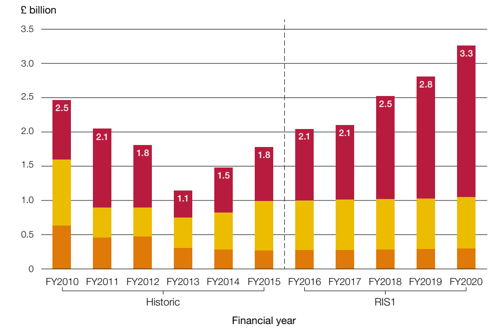
Responsibility for managing the strategic road network has changed as part of the government's Roads Reform programme:

- The **Department for Transport** is responsible for funding and sponsoring investment in the strategic road network and is ultimately accountable for its successful delivery.
- **Highways England** is the new strategic highways company (established in April 2015), legally independent, responsible for enhancing, maintaining and operating the network. Highways England's Board is responsible for holding the executive to account for the effective and efficient delivery of the Delivery Plan and for the performance of Highways England.
- The **Office of Rail and Road** is responsible for monitoring the performance of the company and Transport Focus champions the needs of road users on the strategic road network.

Zoom Out

Zoom In+

Highways England/Highways Agency investment in strategic roads (FY2010–FY2020)



Annual growth

	FY2010–2015 (%)	FY2015–2020 (%)
Major projects (enhancements)	2	23
Capital renewals	6	1
Resource maintenance	15	2

Source: Office of Rail and Road. Available at: http://orr.gov.uk/__data/assets/pdf_file/0007/21499/highways-englands-supply-chain-capability.pdf

In your area

Construction on all 112 major enhancement projects was intended to begin by 31 March 2020. In October 2017, Highways England published its revised delivery plan: www.gov.uk/government/uploads/system/uploads/attachment_data/file/642750/Highways_England_Delivery_Plan_Update_2017-2018.pdf

The Highways England website includes a tool that allows you to search for road projects by region and by route: http://roads.highways.gov.uk/

There is also an interactive map based on the Road Investment Strategy: http://maps.dft.gov.uk/road-investment-strategy/

In December 2017 the government launched a consultation on 'Proposals for the Creation of a 'Major Road Network' (MRN). The MRN will form a middle tier of the busiest and most economically important local authority A roads, sitting between the national strategic road network and the rest of the local road network. The consultation includes proposals to allocate a proportion of the National Roads Fund to the MRN. This will make between £20 million–£100 million available for each new road scheme funded through the MRN programme.

There is an indicative map of what roads could be included in the MRN: http://maps.dft.gov.uk/major-road-network-consultation/

In your area *continued*

Local transport

Apart from the national rail network and the strategic road network (that is, motorways and the principal A-roads), responsibility for transport largely lies with local government. The Department contributes funding in several ways:

- through general grant funding that local authorities can spend as they choose;
- through grants to support specific projects; and
- through subsidies for bus services.

The table below sets out the roles of the Department and of local authorities with regard to local transport.

Service	Role of the Department	Role of local authorities
Road network	• Sets the policy framework and provides guidance, for example on road safety. • Responsible for the strategic road network via Highways England. • Provides funding and guidance to local authorities to maintain and improve local highway networks.	• Manage, maintain and enhance local highway network (including traffic signals and signs).
Bus services	• Sets policy framework to determine how bus services are managed. • Advises the Ministry of Housing, Communities & Local Government on the formula for concessionary fare scheme payments to local authorities. • Sponsors the Community Transport sector.	• Contract with bus companies to fund commercially unviable bus routes. • Reimburse bus operators for concessionary fares. • Run some community bus services. • Maintain and enhance bus stops, shelters and stations.
Rail services (including light rail)	• Sets policy framework to determine how rail services should be managed and sets high-level rail outputs. • Provides funds for enhancing, maintaining and operating national rail network. • Specifies and manages franchises with Train Operating Companies.	• The Department consults local authorities when it agrees new services with a train operator. • Local authorities may buy extra services or infrastructure improvements from Train Operating Companies or Network Rail. • London, Merseyside, and Tyne and Wear specify and manage rail services in their area, paid for by a grant from the Department. • Some local authorities build and run light rail or community rail schemes.
Other transport services and infrastructure	• Allocates funding to local authorities for specific projects or services based on appraisal of business cases. • Sets the policy framework for sustainable travel, including for cycling and walking.	• Deliver transport projects (usually via third-party contractors). • Infrastructure for pedestrians and cyclists. • Parking services. • License private hire vehicles and taxis.

Recent and planned developments

Progress with major projects

In February 2017, the NAO's report on progress with delivery of the Road Investment Strategy noted that, while Highways England had made progress in delivering the schemes already under construction, it had yet to begin the most challenging and complex road schemes. These are summarised below:

A14 Cambridge to Huntingdon

Highways England is upgrading the A14 between Cambridge and Huntingdon as part of the first Road Investment Strategy as it is a long-standing traffic blackspot. This includes widening sections from two to three lanes and building a new 12.5 mile bypass south of Huntingdon. Work began in March 2017 and is scheduled to finish in March 2021. The current forecast cost is £1.2 billion–£1.8 billion.

A303 Stonehenge Tunnel

As part of a broader plan to create an expressway linking the south-east and south-west of England, Highways England intends to build a tunnel underneath the World Heritage site (50 metres further away from the monument than the current road) to replace the existing single lane A303 that passes within 165 yards of the stones. The eight miles including the tunnel is forecast to cost £1.6 billion. The Transport Secretary announced the preferred route in September 2017 with construction planned to start in 2021.

Lower Thames Crossing

Highways England is developing plans to build a second crossing of the Thames east of London to augment the overloaded crossing at Dartford. The Secretary of State announced the preferred route – a tunnel to the east of Gravesend and Tilbury – in April 2017. As yet there is no forecast start or finish date for the project, which is forecast to cost £4.4 billion–£6.2 billion.

M20 lorry area

After the announcement of the first Road Investment Strategy, the only major addition to the road enhancement programme was a lorry area alongside the M20 at Stanford West. The lorry area was intended to alleviate the disruption caused when the channel ports are closed and Operation Stack is put into effect. Under the current Operation Stack model, HGVs bound for the Port of Dover and Eurotunnel are held on the M20, leading to the closure of the motorway to other traffic, which is diverted via other routes, causing significant disruption.

However, this project was abandoned in November 2017 after the Department announced it would no longer contest a judicial review into the scheme. Highways England subsequently committed to developing an interim contingency solution which should be in place by March 2019.

Changes to the use of Vehicle Excise Duty

The government has announced that, from 2020-21, receipts from Vehicle Excise Duty raised in England (which were worth £5.8 billion in 2016-17) will be ring-fenced for spending on roads through a National Roads Fund. On 5 July 2017 the Secretary of State for Transport announced that the Fund would be available for the proposed Major Road Network (managed by local highways authorities) as well as the strategic road network (managed by Highways England).

What are the things to look out for

Issue	Future developments, risks and challenges
Developing the second Road Investment Strategy	A second Road Investment Strategy is planned for 2020-2025. Both Highways England and the Department have begun work to develop the Strategy, which should be announced in 2018-19. Several analytical processes will underpin the second strategy: ● 18 route strategies will provide an overview of the whole strategic road network and will be used to identify areas in need of attention; ● six strategic studies looked at complex issues at specific locations on the network (for example, a TransPennine tunnel); and ● a strategic economic growth plan, looking to maximise the economic impact of Highways England's work. Drawing on the outputs of this analytical work, Highways England published its proposed priorities for the second strategy (the Strategic Road Network Initial Report) in December 2017, and the Department sought views on it through a public consultation to inform its decision-making. As we said in our February 2017 report on progress with the Road Investment Strategy, Highways England faces a challenging schedule in drawing up the second strategy. Its lack of capability in key areas, such as trained economists, could limit the potential effectiveness of the strategy.
Changes to Highways England's enhancement programme	The estimated cost of the programme of road enhancements for the first Road Investment Strategy exceeded available funding by £841 million in September 2016. Highways England will therefore need to alter its plans to make the programme affordable, either by cancelling schemes or delaying work on some projects until the next investment period. In October 2017 Highways England announced that six schemes were being paused as they did not offer sufficient value for money. Two other schemes that were under review will go ahead in the second Road Investment Strategy after local development plans changed, improving the return on taxpayers' investment.
Revisions to Highways England's delivery schedule	The 112 road enhancement projects in the first strategy were, as a matter of policy, intended to begin construction during the current investment period (ending 31 March 2020). This resulted in an unbalanced schedule, with 54 of the projects planned to begin in 2019-20 and the bulk of these beginning in the final quarter of the year. Highways England and the Department are looking at how to make the delivery schedule smoother and more efficient. As part of this ongoing process, Highways England announced in October 2017 that 10 projects were being brought forward and another 16 projects were being delayed.
Highways England capability	Highways England was created as a new company in April 2015, taking over from the Highways Agency. It has greater independence than its predecessor and a larger role in long-term planning for the strategic road network. It therefore needs to strengthen capability in several areas, including analytical capability and portfolio management. This presents a challenge as there is competition for these specialised resources from other sectors, notably rail.
Greater devolution to local and regional bodies	It has been a long-standing aim of the government to devolve some responsibility for planning and delivering local and regional transport improvements to local and regional bodies. Further details are set out in the next section.

For more information on the forthcoming risks and challenges in delivering improvements to the Strategic Road Network, see the National Audit Office report, Progress with the road investment strategy

Other things to look out for

The Department has a number of other emerging priorities and challenges away from its investment in the railways and the strategic road network. This section provides an introduction to some of the things to look out for.

Improving air quality

Airport expansion

Transport devolution

Improving air quality

National air quality

Only **5 of 43**
UK urban zones met the EU target in 2013

The transport sector is a significant source of air pollutants, and limits on new vehicle emissions are set by the EU. The Volkswagen emissions scandal indicates that these may not have been an accurate indicator of pollution levels, making it harder to make informed decisions on measures to tackle air pollution.

The EU Air Quality Directive set limits for pollutants such as NO_2, requiring that these be met by 1 January 2010. In 2013:

- five zones had met the original target;
- 31 zones had measured or modelled NO_2 levels over the limit and had no time extension; and
- seven zones met the target within a margin of tolerance but only as part of an agreed time extension.

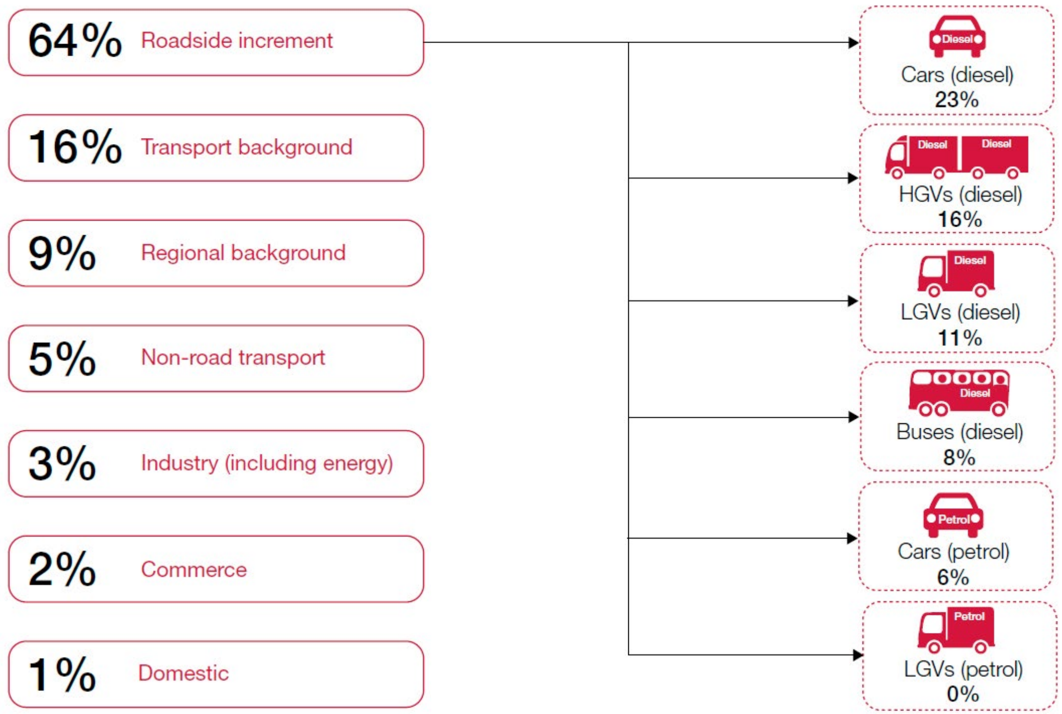
This has led to legal challenge against the UK: in April 2015 the Supreme Court ordered the government to create a plan to tackle the problem, resulting in the UK Air Quality Plan.

The main focus of departmental air quality policy to date has been on reducing tailpipe emissions, notably from light vehicles (cars and vans). However, the Department has also recognised that freight vehicles are also important. HGV emissions of particulate matter have fallen dramatically over the past few years. However, these have reduced fuel economy and further improvements will be necessary to ensure air quality targets are met alongside carbon targets.

Further details on air quality can be found in the NAO's Short guide to Environmental Protection and Sustainable Development.

Sources of NOx on UK road links outside London

(Average NOx source apportionment on UK road links outside London exceeding an annual mean NO_2 concentration of 40g/m^3 in 2013)



Source: Department for Environment, Food & Rural Affairs Air Quality data

Airport expansion

The Department is responsible for developing Government's policy on airport expansion and ultimately deciding on which airports, if any, could be expanded. In 2015 the Airports Commission recommended the expansion of Heathrow Airport via the Northwest Runway scheme. In October 2016 the government announced its preference for a new Northwest Runway at Heathrow in combination with a significant package of supporting measures. The Airports Commission estimated the cost of building a new runway at Heathrow. It said that the cost of the capital expenditure alone would be £17.6 billion in 2014 prices:

- £12.8 billion for the capital cost of constructing the new runway;
- £2.6 billion for risk (an allowance to cover potential overruns in cost or time); and
- £2.2 billion for optimism bias (this reflects the common bias in the original estimates of project cost).

Since then Heathrow Airport Limited have been working to reduce the cost of their scheme. They announced a reduction of c£2.5 billion in capital cost in Jan 2018.

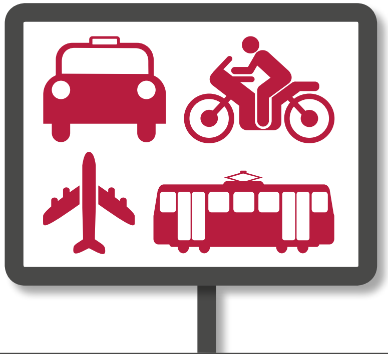
The Commission also estimated that the cost of surface access improvements for a north-west runway at Heathrow would be approximately £5 billion.

Heathrow is a privately owned company and the Northwest Runway scheme, together with the enabling work required to enable a runway to be constructed and operated, will be funded by the company, largely through raising money through financial markets. Other surface access schemes related to expansion where there are split transport network beneficiaries, such as other road and rail links, are the area where the taxpayer might have some financial liability, as costs would be negotiated between Heathrow, Government and other stakeholders.

There are long-standing concerns about the environmental impact of expansion, in particular:

- how the airport will achieve its ambitious mode share targets to move people out of their cars and on to public transport;
- achieving the government's climate change obligations and meeting air quality limits; and
- how noise will impact those living near the airport and under the flight paths.

Transport devolution



As part of its broad devolution agenda, the government has a long-standing aim to devolve more responsibility for transport planning and delivery to local and combined authorities and to new sub-national transport bodies.

Six Metro mayors have now been elected across England who lead combined authorities (groups of local authorities). These combined authorities have been set up to create a more strategic approach to delivering public services, including transport, across broad regions. Examples include the Greater Manchester Combined Authority, the Liverpool City Region and the West Midlands Combined Authority. The extent of each combined authority's powers depends on the devolution deal agreed with central government.

In addition to combined and local authorities, further organisations have been established specifically to improve transport planning and delivery across a region. Examples include Transport for the North, Midlands Connect, England's Economic Heartland and Transport for the South East.

The government has enabled regional transport bodies to apply, if they wish, for statutory status as a Sub-National Transport Body (STB). Following the successful passage of secondary legislation through Parliament, Transport for the North will become England's first STB in April 2018. The other prospective STBs are all planning formal proposals for STB status and we expect Midlands Connect first in Autumn 2018.

It remains to be seen how the process of devolution will work in practice, and there are a number of challenges that need to be met, including:

- integrating national transport planning priorities with regional and local needs;
- clarifying what powers are available to the range of national, local and regional transport bodies;
- clarifying which organisations are responsible for funding transport projects and what the available sources of funding are; and
- understanding how the role of the Department will change as more powers are devolved to regional bodies.

Appendices

Appendix One – Exiting the European Union

Appendix Two – Staff and pay

Appendix Three – Staff attitudes and engagement

Appendix Four – Links to sponsored bodies

Appendix One – Exiting the European Union: issues to explore

Across government the NAO considers that a **successful implementation of Brexit** will require:

- strong collaboration and coordination across departments;
- a clear sense of prioritisation at departmental and cross-departmental level, including decisions to stop or delay projects; and
- a robust assessment of the required capability and a cross-government strategy to address any gaps.

Coordination across government

Departments should be clear how and what they are doing aligns with plans across government to deliver a successful Brexit. This is especially important for the department in understanding how changes at UK borders could affect the transport network.

Prioritisation of activities

Departments will need to prioritise their activities in response to Brexit. We would expect that this would involve some activities to be stopped or pushed back in time. These activities would need to incorporate a strong emphasis on delivery as well as policy.

Staffing and resources

Departments will need to have assessed what skills and resources are needed to deliver a successful Brexit in the short to medium term. Filling any gaps may mean recruiting staff externally and a movement of staff across government to where they are needed most.

Appendix One – Exiting the European Union: issues to explore *continued*

The UK's planned exit from the European Union (EU) has implications for DfT. On 2 February 2017 the government released its white paper setting out the 12 priorities underpinning its approach to the exit process. Transport was identified as one of three 'UK-wide network industries and associated services which interact extensively with the EU' under the priority 'ensuring free trade with European markets'.

The terms of the UK's exit from the EU are yet to be finalised, but may affect:

Customs and the border

Increased congestion at entry and exit points to the UK is the most significant potential issue for the transport network.

Should the government leave the customs union and more substantive customs checks be carried out at the UK's borders, transit times at ports and airports may increase. If this were to happen, there would be knock-on impacts to the transport system. For example, if freight traffic entering and leaving the UK through the Channel Tunnel and UK ports had to spend more time undergoing customs checks, this could worsen congestion on major roads such as the M20 in Kent, which serves Dover.

DfT will need to work closely with other departments – particularly the Home Office and HM Revenue & Customs – when it considers the impact of potential changes to how the UK's borders are managed both from a customs and immigration point of view.

Aviation agreements

In October 2016, the Secretary of State for Transport stated: "On the Brexit point, the aviation situation is the most important. In most areas, our transport system is pretty unaffected one way or the other. My expectation and my intention would be that we retain the open skies arrangement for the United States."

EU third-party agreements superseded earlier bilateral agreements that the UK had with markets such as the US. Upon leaving the EU, the UK will either have to negotiate new agreements with those countries or continue as a party to the EU agreements as a non-member state.

Rail and road haulage

The Channel Tunnel is governed by an Intergovernmental Commission and will be operated by the Channel Tunnel Group (Eurotunnel) until 2086 under a concession agreement. These are matters of international law and would be unaffected by Brexit.

Of the freight vehicles operating between the UK and the continent, 85% belong to EU-owned businesses. DfT will need to consider the impact of leaving the EU on UK haulage companies in the EU and EU haulage companies in the UK. Issues to consider might include potential restrictions on routes that drivers are allowed to take, working hours and border controls.

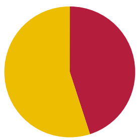
Appendix Two – Staff and pay

Zoom Out

Zoom In +

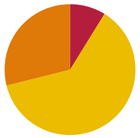
Workforce in Department for Transport 2016-17

Staff gender (DfT including arm's-length bodies)



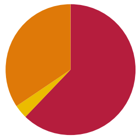
Female	6,160
Male	7,531

Disability



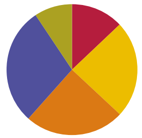
Declared disabled	1,206
Non-disabled	8,529
Preferred not to say	3,956

Ethnicity



White	8,516
Ethnic minority	465
Preferred not to say	4,710

Age



Under 30	1,772
30–39	3,286
40–49	3,374
50–59	3,975
60 and over	1,284

Staff breakdown 2016-17 (FTE)

	Agencies	DfT Core	NDPBs	Total
Staff numbers	**6,691**[1]	**2,198**	**49,577**	**58,466**
Costs (£m)	**241**	**157**	**1,638**	**2,036**

Pay multiples 2016-17

(Core, agencies and HE)

	DfT Core	Maritime and Coastguard Agency	Vehicle Certification Agency	DVLA	Highways England
Ratio	**6.9**	**4.02**	**3.07**	**7.17**	**11.55**
Band of highest paid director's total remuneration (£000)	170–175	115–120	100–105	145–150	335–340
Median total remuneration (£)	24,876	29,832	33,357	20,566	29,169

Notes

1. Excluding DVSA which is outside of the accounting boundary.
2. The pay multiples table displays information for DfT core and agencies. Highways England has also been included because it is a significant component. Network Rail is a significant component too but they are not required to disclose pay multiples.

Sources: Department for Transport Annual Report and Accounts 2016-17 and components' Annual Report and Accounts 2016-17

Appendix Three – Staff attitudes and engagement

The government has conducted its Civil Service People Survey annually sice 2009. The most recent survey was carried out during November 2016.

The Department for Transport scored 63% in the Employee Engagement Index, which is higher than the civil service average (59%).

The agency with the lowest score was the Driver and Vehicle Standards Agency, which scored 43%. The agency that scored the highest was the Maritime and Coastguard Agency with 64%.

There have been small increases in six of the themes analysed and two have remained unchanged. The only theme that had a small decrease was the one related to ‘Working with my team’.

Attitudes of staff in 2016 compared with 2015 – Department for Transport (excluding agencies)

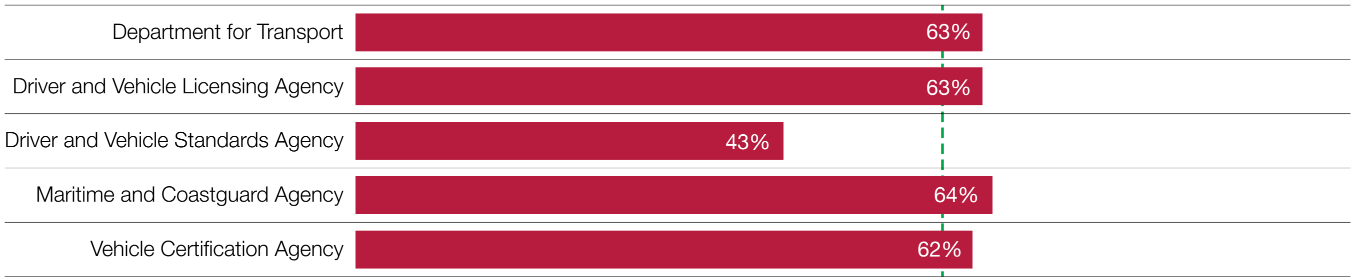
Key

- Results in 2016
- Increase since 2015
- Decrease since 2015
- No change

Theme	Results in 2016	Change since 2015	Civil service average
My work	80%	0%	75%
Organisational objectives and purpose	84%	+1%	83%
My manager	70%	+1%	68%
My team	82%	-2%	80%
Learning and development	60%	+2%	50%
Inclusion and fair treatment	80%	+1%	76%
Resources and workload	75%	+2%	73%
Pay and benefits	30%	0%	31%
Leadership and managing change	55%	+3%	43%

Engagement index 2016

-- Civil service benchmark 2016 (59%)



Sources: Civil Service People Survey 2016 and 2015

Appendix Four – Links to sponsored bodies

Links to the website of sponsored bodies, arm's-length bodies, executive agencies and executive non-departmental public bodies

Reported within DfT's accounts

Advisory non-departmental public bodies:

Disabled Persons Transport Advisory Committee
www.gov.uk/government/organisations/disabled-persons-transport-advisory-committee

Within DfT's accounting boundary, but also published their own accounts

Executive agencies:

Driver & Vehicle Licensing Agency
www.gov.uk/government/organisations/driver-and-vehicle-licensing-agency

Maritime & Coastguard Agency
www.gov.uk/government/organisations/maritime-and-coastguard-agency

Vehicle Certification Agency
www.dft.gov.uk/vca/

Executive non-departmental public bodies:

British Transport Police Authority
http://btpa.police.uk/

Directly Operated Railways Limited
www.directlyoperatedrailways.co.uk/html/

High Speed 2 Limited
www.gov.uk/government/organisations/high-speed-two-limited

The Commissioner of Northern Lighthouses
www.nlb.org.uk/AboutUs/BoardBusiness/List-of-Commissioners/

Trinity House Lighthouse Service
www.trinityhouse.co.uk/

Transport Focus
www.transportfocus.org.uk/

Other bodies:

Network Rail and its UK subsidiaries
www.networkrail.co.uk/

Highways England
www.gov.uk/government/organisations/highways-england

The Commissioners of Irish Lights
www.cil.ie/

Air Safety Support International Limited
www.airsafety.aero/

Air Travel Trust Fund
www.caa.co.uk/default.aspx?catid=1163

Outside the accounting boundary but controlled or otherwise sponsored by DfT

Civil Aviation Authority
www.caa.co.uk/home/

Driver & Vehicle Standards Agency
www.gov.uk/government/organisations/driver-and-vehicle-licensing-agency

Network Rail Insurance Limited (Guernsey)

NATS Holdings Ltd
www.NATS.aero

ITSO Ltd and ITSO Services Ltd
www.itso.org.uk/

Port authorities, harbour boards and other small bodies