National Audit Office

OVERVIEW

Department for Transport (DfT)

Departmental Overview 2022-23

We are the UK's independent public spending watchdog

November 2023

About this Overview

This guide has been produced to support the Transport Select Committee in its examination of the Department for Transport's (DfT's) spending and performance. It summarises the key information and insights that can be gained from our examinations of DfT and related bodies in the sector in England and the DfT's annual report and accounts. In 2022-23, DfT spent £41 billion to support the transport network that helps get people and goods travelling around the UK. It also plans and invests in transport infrastructure.

The guide includes:

- how DfT is structured and where it spends its money.
- how DfT is delivering against its priority outcomes.

How we have prepared this guide

The information in this guide draws on the findings and recommendations from our financial audit and value for money programme of work, and from publicly available sources, including the annual report and accounts of DfT and its bodies.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value for money or other reports, details of our audit approach can be found in the Appendix of each report, including the evaluative criteria and the evidence base used.

Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

This report updates our previous overview, *Department for Transport Departmental financial overview 2020-21*, published in December 2021.

Other relevant publications

More information about our work on the transport sector in England, as well as information about our other recent and upcoming reports can be found on the National Audit Office (NAO) website.

More information about central government accounting and reporting

You may also be interested in our interactive guide to *Good practice in annual reporting* (February 2023) which sets out good-practice principles for annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.

Departmental Overview 2022-23

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About the National Audit Office

The National Audit Office (NAO) is the UK's independent public spending watchdog. We scrutinise public spending for Parliament and are independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2022, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £572 million.

If you would like to know more about the NAO's work on transport, or are interested in the NAO's work and support for Parliament more widely, please contact:

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Part One • Overview

About the Department for Transport

DfT works with its agencies and other bodies to support the transport network that helps the UK's businesses and gets people and goods travelling around the country. DfT plans and invests in transport infrastructure to keep the UK on the move.

DfT's priority outcomes

DfT's priority outcomes set out in the 2020 Spending review are:

1. Grow and level up the economy by investing in and enhancing the transport network, and improving connectivity across the UK.
2. Improve transport for the user, ensuring that the network is safe, reliable and inclusive, and building confidence in the transport network as the country recovers from the COVID-19 pandemic.
3. Reduce environmental impacts, through decarbonising transport and cutting pollution.

In addition, DfT has outcomes to:

4. Increase the UK's global impact, including through trade and global leadership.
5. Be an excellent department focused on improving operations and supporting its people.

Jurisdiction

DfT governs the operation of the English transport network and maintains limited powers for Scotland, Wales and Northern Ireland, where devolved powers are in place.

DfT's responsibilities vary for different transport modes

In most cases, DfT sets policy and investment priorities, and provides guidance.

Local transport

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

Roads

Invests in, maintains and operates around 4,300 miles of motorways and trunk roads in England through National Highways. Promotes lower-carbon transport, including cycling and walking, to make roads less congested and polluted.

Rail

Sets the strategic direction for the rail industry in England and Wales. Funds investment in infrastructure through Network Rail and high-speed rail projects, manages passenger rail service contracts, and regulates rail fares.

Buses

Sets the bus policy framework, provides ad hoc capital funding to local authorities and operators and develops legislation.

Shipping

Produces overall strategy for the maritime sector and sets planning policy for ports in England and Wales.

Aviation

Sets national aviation policy, working with airlines, airports, the Civil Aviation Authority and National Air Traffic Services.

DfT also supports the development and delivery of major infrastructure projects.

Part Two • Financial management, spend and risks

Where the Department for Transport spends its money

DfT's net spend for 2022-23 was £41.0 billion. Several agencies and arm's-length bodies offset their expenditure with operating revenues, totalling £5.9 billion in income for DfT.

DfT's largest area of spend was on the rail sector (£28.6 billion), most of which was on rail infrastructure management and enhancements delivered through Network Rail (£17.7 billion).

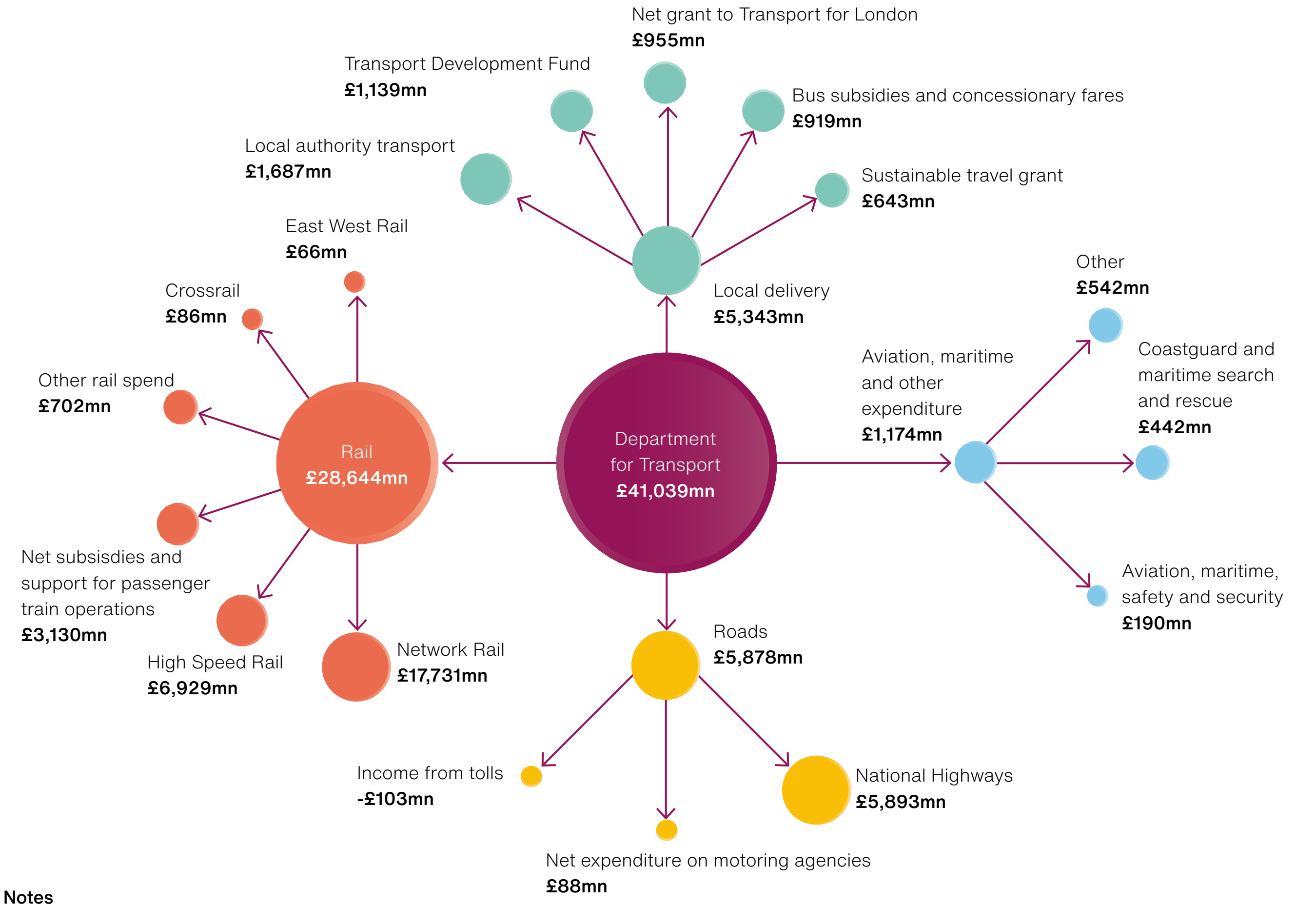
DfT's other main area of spend was strategic road management and enhancements in England through National Highways (£5.9 billion).

DfT also provided funding to local authorities in England for their management of local transport (£1.7 billion) **including road building** and bus services and concessionary fares (£919 million).

Unplanned disruption to the rail network led to a reduction in income for DfT. Income to DfT fell in 2022-23. The largest contributor to this reduction was a £550 million reduction in income from track access charges. Network Rail charges train operating companies to run services on the network. If train operating companies cannot run services, Network Rail compensates them for lost revenue. In 2022-23, Network Rail paid out more than it received from train operating companies due to disruption on the network, including because of industrial action and weather events.

DfT's expenditure includes £3.7 billion of finance costs, an increase of £1.4 billion in 2022-23. Finance costs primarily represent interest charges on legacy debt owed by DfT to bondholders. These increased in 2022-23, largely due to the impact of much higher inflation which increased the value of index-linked debt. Finance costs on Network Rail's portfolio of external bonds increased by £1.33 billion, largely driven by the impact of inflation on index-linked bonds.

Figure 1
Department for Transport (DfT) spending, 2022-23



Notes

1 Spend is proportional by area. Figures are based on total combined resource and capitalised spend in DfT's Statement of Parliamentary Supply. All figures are net of income.

2 Figures include £8.8 billion of depreciation and impairment charges. This relates to assets already recognised through capital spend on acquisition.

3 High Speed Rail includes net expenditure by High Speed Two (HS2) Ltd of £6.9 billion.

4 Local authority transport funding is a mix of non-ring-fenced funding (which may include spend on non-transport projects) and grants for specific transport projects.

Source: Department for Transport Annual Report and Accounts 2022-23

Part Two • Financial management, spend and risks

The Department for Transport's spending patterns

DfT's total spend is made up of resource and capital spend. Resource spend is for programme and administration budgets. Capital spend is used for assets and investments.

Resource expenditure greatly increased in 2020-21 as DfT put financial support measures in place in response to the COVID-19 pandemic. Since then, resource expenditure decreased as the level of required support has reduced, but remains above pre-pandemic levels:

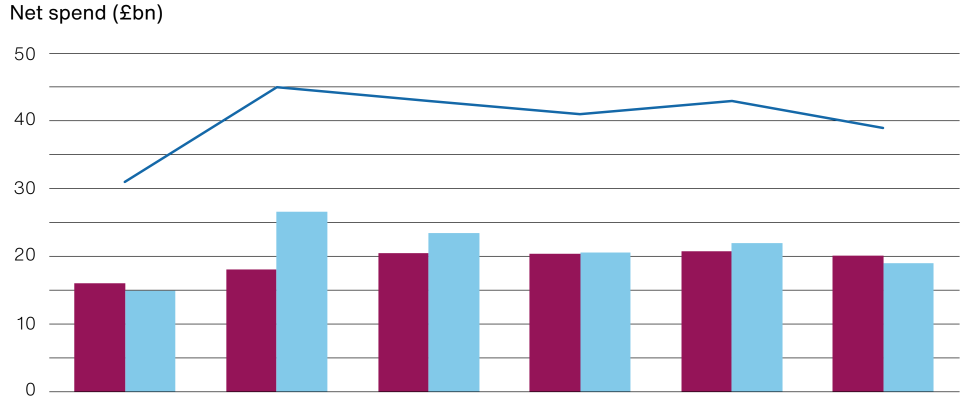
- Support for passenger train services decreased to £2,959 million, down from £4,510 million in 2021-22 and £8,459 million in 2020-21. DfT has reduced support as passenger demand for rail services has increased, although passenger levels remain below pre-pandemic levels. The Office of Rail and Road estimates that 1.4 billion journeys were made in 2022-23, which is 83% of the 1.7 billion journeys made in 2019-20 before the COVID-19 pandemic.
- DfT reduced the level of funding it provided to Transport for London from £1,720 million in 2021-22 to £955 million in 2022-23 in line with the new, longer-term funding deal to March 2024.
- These decreases in DfT's total resource expenditure were offset by an increase of £1.4 billion in the cost of servicing legacy debt (see page 5).

Capital expenditure increased in 2022-23 to £20.4 billion from £16 billion in 2019-20. The main areas of capital spend were (see graph right):

- High Speed 2 costs, which increased significantly in 2022-23 because of a peak in Phase One construction activity and significant inflation experienced on the programme;
- Network Rail's enhancement programme, for which DfT provided £5.9 billion in 2022-23; and
- delivery of the second Road Investment Strategy by National Highways, for which DfT provided £3.3 billion in 2022-23.

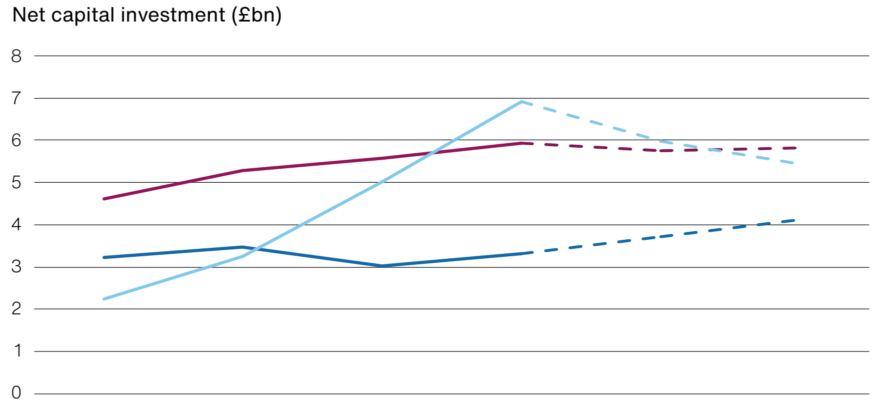
DfT expects capital expenditure to remain at a similar level, around £20 billion per year to 2024-25, as it continues to deliver its major programmes.

DfT's net spend (capital versus resource), 2019-20 to 2024-25



Financial year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Capital	16.0	18.1	20.5	20.4	20.8	20.1
Resource	14.9	26.6	23.5	20.6	22.0	19.0
Total	31.0	45.0	43.0	41.0	43.0	39.0

DfT's net capital investment, by main area of spend, 2019-20 to 2024-25



Financial year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Network Rail	4.6	5.3	5.6	5.9	5.8	5.8
National Highways	3.2	3.5	3.0	3.3	3.7	4.1
High Speed Two	2.2	3.3	5.0	6.9	6.0	5.4

Notes

1 Values may not sum due to rounding.

2 Net spend in 2019-20, 2020-21 and 2021-22 is shown in real terms and has been adjusted for inflation.

Source: Department for Transport Annual Report and Accounts 2022-23

Part Two · Financial management, spend and risks

Principal risks faced by DfT and its arm's-length bodies in 2022-23

DfT has identified the principal risks that it and its arm's-length bodies manage. It provided an assessment of whether the likelihood and impact of these risks materialising increased, decreased or remained the same in 2022-23.

Legend:

The direction of the arrow indicates whether the probability of the aggregate likelihood and impact of the risk materialising has changed since March 2022.

Probability has increased.

Probability has remained the same.

The colour of the arrow reflects the risks exposure using a measurement for both the likelihood and impact of the risk materialising.

Increasing likelihood and impact

Principal risk	Direction of trend at year end (March 2023)
DfT is **not able to afford to deliver all of its priorities** in the medium to long term, in particular due to inflationary pressures or cost of living crisis.	
DfT is **not able to deliver its major projects** to time or cost or deliver the expected benefits.	
There is a **catastrophic event which may lead to the forced closure of some or all of the transport network**, a significant number of casualties or results in being unable to restart services efficiently post-incident.	
DfT **does not deliver sufficient action in the transport sector to provide carbon savings, meet air quality and biodiversity targets, and adapt to climate change**, as required by law.	
Freight, passenger transport and key **transport corridors disrupted due to border delays and/or workforce shortage**.	
DfT **does not have capacity and/or capability to deliver its priorities and objectives**, with additional effect on the wellbeing of DfT staff.	
Transport systems are unable to function due to a critical market, supplier or supply failure in key network and delivery tools.	
DfT and transport digital systems become compromised due to a hostile cyber environment and increase in cyber-attacks.	
DfT **does not adequately forecast/horizon scan for future changes** in the transport system, resulting in ineffective decision-making (for example, demand forecasting, scenarios or future projects).	
DfT is **ineffective in its response in advance and during an international crisis**, in particular one that causes economic instability, movement of people and supply chain issues thus affecting national/major transport network(s).	

Part Three • Delivery against DfT's priority outcomes

Priority outcome one

Grow and level up the economy by investing in and enhancing the transport network, and improving connectivity across the UK

Government has set out that growing and levelling up the economy is central to its agenda to spread opportunity across the UK. Transport plays an important role:

- In the short-term, local transport enhancements can improve access to local services, jobs, education and housing in order to support local growth and regeneration.
- In the longer term, DfT's major infrastructure projects aim to play an important role in creating more productive cities and towns by bringing businesses closer together to reduce costs, creating competition and innovation; widening labour markets to improve skills matching; and attracting investment towards key economic centres outside London and the South East.

As part of delivering its priority outcome by investing in the transport network, DfT has a number of high-value major projects and programmes which aim to improve regional connectivity. We have audited several of these road and rail programmes in recent years and the remainder of this section examines DfT's progress in delivering some of its highest-value major projects.

Priority outcome indicators: Grow and level up the economy

DfT has a range of metrics that were agreed at Spending Review 2021 and are used to monitor progress towards delivering its priority outcomes. These metrics are not exhaustive and can be considered alongside a wider range of evidence.

DfT has three performance metrics for its priority outcome to grow and level up the economy.

Performance metric	Performance outcome
Transport infrastructure projects in the Government Major Projects Portfolio that are on track to delivery, as assessed by the Infrastructure and Projects Authority (per cent)	91% (2021-22) 96% (2020-21) 82% (2019-20)
Travel time to reach nearest large employment centre, by region	The ongoing publication of this statistical series is currently under review, with 2019 being the latest year for which data are available. DfT is working to develop a 'model of connectivity', which aims to calculate a connectivity score for each area based on the purpose of travel.
Measure of the delivery of major projects on time and on budget	*Performance not yet reported*

Measurements for performance against departmental priority outcomes, covering 2022–2025, were agreed at Spending Review 2021. Further description of the government's planning and performance framework can be found at www.gov.uk/government/publications/planning-and-performance-framework/the-governments-planning-and-performance-framework

Part Three • Delivery against DfT's priority outcomes

Priority outcome one

Grow and level up the economy by investing in and enhancing the transport network, and improving connectivity across the UK

Updates on DfT's key major programmes

Rail

High Speed Two (HS2) is government's largest infrastructure programme by value. Many of its component parts are large, complex projects in their own rights.

Phase 1 of the programme will build a high-speed line between London and the West Midlands and has a £40.3 billion target cost. Spend to February 2023 was £22.5 billion (in 2019 prices). In 2022-23 the rate of spend increased as construction on Phase 1 peaked after beginning six years ago. HS2 Ltd reports that the projected costs for Phase 1 will exceed target cost if unmitigated and is conducting a review of projected costs against the budget. Government has committed to complete Phase 1 of HS2.

In October 2023, the Prime Minister cancelled Phases 2a and 2b of HS2, which would have linked the West Midlands with Manchester. DfT has said that HS2 trains will now join the existing West Coast mainline near Birmingham to continue to Manchester, Liverpool and Scotland. The Prime Minister also cancelled HS2 East, which would have provided high-speed trains between the West Midlands and East Midlands.

In March 2023 our *High Speed Two: Euston report* assessed whether DfT and HS2 Ltd were set up to effectively manage the risks to value for money at Euston station. Euston will be the London terminus station for HS2. In March 2023, DfT estimated that the 10-platform station would cost £4.8 billion, £2.2 billion more than its budget. We concluded that attempts to reset the programme since 2020 had not succeeded and action was required to develop an affordable, viable station.

In March 2023, DfT deferred work on the HS2 Euston station for two years to manage inflationary pressures. DfT and HS2 Ltd planned to look again at the design of HS2 Euston while work is paused on site. In October 2023, the Prime Minister announced that a re-scoped, six-platform station at Euston would be delivered alongside redevelopment at the site, through private sector investment.

What to look out for: HS2 costs

Current cost estimates have been reported in 2019 prices but DfT recognises that this does not reflect the significant inflation that has occurred since.

- **DfT and HS2 Ltd are working with HM Treasury to update the costs to a more up-to-date price base for the programme**.
- The cancellation of phases 2a and 2b of HS2 and new plans for Euston station **will result in costs that have already been incurred** – such as for design work that can no longer be used and assets under construction that are no longer required – being written off as losses. Contracts that have been put in place will also need to be terminated.
- Land that has been acquired along the route and is no longer needed will be sold and a **programme for the sale of land is being developed**.

HS2 Euston station

- Inflation is having substantial cost implications for the whole HS2 programme, including the HS2 Euston station project. In July 2023 the Committee of Public Accounts recommended that DfT should agree with HM Treasury how it will manage the continued consequences of high inflation on the Euston project. **DfT and HM Treasury have agreed to report back to the Committee in January 2024.**
- DfT plans to **appoint a new development company to oversee delivery of the Euston project**, separate to HS2 Ltd.

Part Three • Delivery against DfT's priority outcomes

Priority outcome one

Grow and level up the economy by investing in and enhancing the transport network, and improving connectivity across the UK

Northern Powerhouse Rail

Northern Powerhouse Rail (NPR) is government's programme to improve rail connectivity in the North by building new routes between economic centres. NPR is designed to address problems with rail infrastructure, including bottlenecks and ageing infrastructure which have contributed to capacity-constrained, slower and less reliable services compared with other parts of England.

In November 2021, government's *Integrated Rail Plan for the North and Midlands* set out that NPR would focus on connecting Liverpool, West Yorkshire and Greater Manchester. Government has set out that its chosen approach is less extensive than other proposed options that would have provided wider connections spanning east to west across the North.

Government plans to deliver NPR in phases, with most of the project due to be completed in the 2030s and 2040s, at an estimated cost of £17.2 billion (in 2019 prices).

The Transpennine Route Upgrade Programme (TRU)

The Transpennine rail route provides the most direct rail link between Manchester and Leeds and connects smaller towns and commuter areas in the north of England. In 2011, DfT first announced its intention to improve the route through the TRU. In November 2021, DfT announced that TRU would be the first phase of Northern Powerhouse Rail.

Our July 2022 report, *The Transpennine Route Upgrade Programme* found that DfT took too long to decide how to upgrade the route. As at May 2021, DfT forecast that TRU would cost between £9 billion and £11.5 billion in cash terms, and would be completed between 2036 and 2041. It is not clear how DfT and Network Rail plan to manage the cost of inflation, or how they will monitor the impact of disruption to passengers using the live route during construction. In the longer-term, DfT has not yet committed to funding the rolling stock needed to achieve TRU's full benefits.

What to look out for: Northern Powerhouse Rail

In 2022, the Transport Select Committee recommended that an assessment of the impact of decisions made on NPR be carried out. In response, government commissioned updated analysis on different network options, including the potential levelling-up impact on communities by these different networks, such as Bradford – which was previously excluded from plans. **In October 2023, government announced it would extend Northern Powerhouse Rail to include Sheffield, Hull and Bradford.**

Part Three • Delivery against DfT's priority outcomes

Priority outcome one

Grow and level up the economy by investing in and enhancing the transport network, and improving connectivity across the UK

Roads

National Highways' second Road Investment Strategy (RIS2)

National Highways is responsible for the enhancement, renewal, maintenance and operation of more than 4,300 miles of strategic road network in England. In March 2020, government published RIS2, running from April 2020 to March 2025, which outlined its intention to commit £14.1 billion to a complex and challenging portfolio of 69 road enhancement projects, almost double the £7.7 billion budget for the previous five years.

Our November 2022 report *Road enhancement: progress with the second road investment strategy (2020 to 2025)* found that inflation is much higher than could have been predicted when National Highways and DfT planned the second road strategy. Cost pressures from inflation are beyond the level that can be absorbed by National Highways, and it may have to delay work, descope projects or cancel projects to remain within its overall budget. In response to cost pressures, DfT has rephased the Lower Thames Crossing road project by two years.

We recommended that DfT and National Highways fully address the rising cost of its portfolio of projects, undertaking a review of all road projects that it plans to move into the time-period of its third road strategy.

In October 2023, government announced that it would use money that would have been spent on HS2 to take forward other transport projects, including strategic road projects. These include road projects in Manchester and dualling the A1 between Morpeth and Ellingham.

Smart motorways

In April 2023, DfT announced that plans for new smart motorways would be cancelled in recognition of the lack of confidence felt by drivers and cost pressures. This includes smart motorways earmarked for construction during RIS3 (2025 to 2030) and schemes paused in an earlier announcement in January 2022. National Highways has spent £62 million planning and designing the cancelled schemes, which will no longer go ahead. There are no plans to cancel existing smart motorways, which will receive £900 million to deliver safety improvements.

What to look out for: the third Road Investment Strategy (RIS3)

National Highways is developing RIS3, which will run from April 2025 to March 2030. In May 2023, it set out its proposals for the future of the strategic road network and its priorities for RIS3.

Our November 2022 report recommended that National Highways review the projects that are planned for delivery during RIS3, to ensure that the portfolio collectively remains feasible, meets strategic needs and is value for money. **DfT expects to publish a draft RIS3 in autumn 2023.**

Part Three • Delivery against DfT's priority outcomes

Priority outcome one

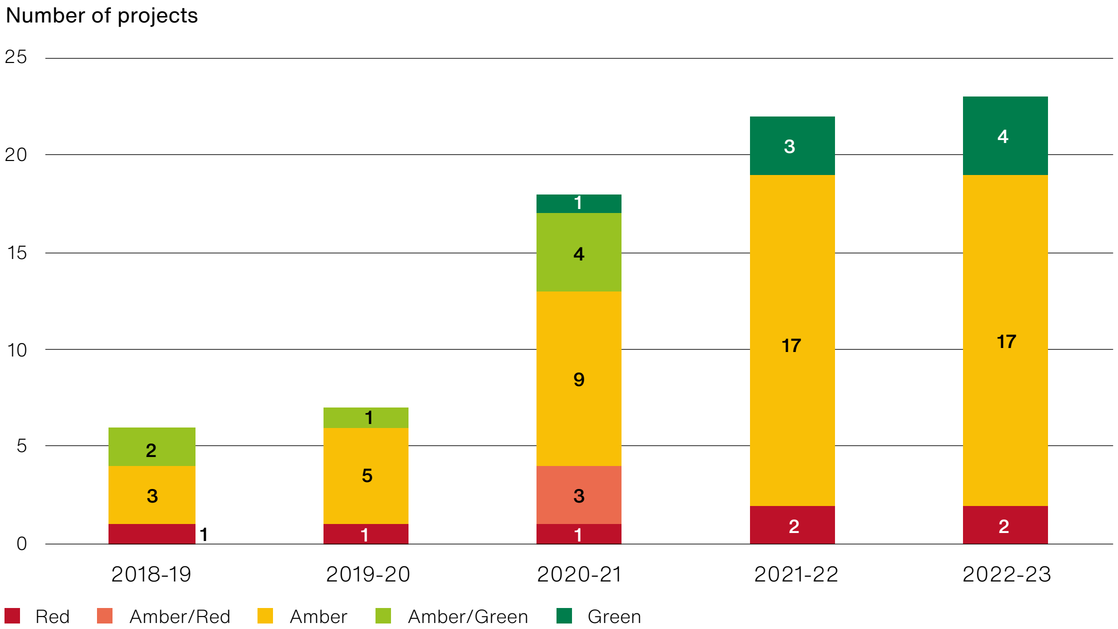
Grow and level up the economy by investing in and enhancing the transport network, and improving connectivity across the UK

Delivery status of DfT's major projects and programmes

Many of DfT's major programmes are high-value and complex. As at March 2023, 23 of DfT's projects and programmes were part of the Government's Major Projects Portfolio. These include 15 rail programmes, seven road programmes and one aviation project. These are overseen by the Infrastructure and Projects Authority (IPA), which supports and assesses the most complex and high-risk government projects and programmes.

The IPA annual report includes 'delivery confidence assessment' ratings that measure the likelihood of delivering objectives to time and cost. The majority of DfT's projects were assessed as Amber in 2022-23.

Delivery confidence assessment of DfT projects, 2018-19 to 2022-23



Source: Infrastructure and Projects Authority annual reporting, 2018-19 to 2022-23

Page 13 sets out the full list of DfT's projects and their delivery confidence assessment ratings, as at March 2023.

What to look out for: Inflation

High inflation is a major risk affecting affordability across all DfT's activities. It increases both the cost of maintaining assets and building new infrastructure, such as roads and railways.

Many of DfT's major programmes involve building new infrastructure and are heavily affected by inflation on the price of materials and labour. In the 12 months to June 2023, the Office for National Statistics reported that inflation in the construction sector increased by 4.6%.

DfT is experiencing cost pressures from inflation across its capital programme and cannot absorb current levels of inflation risk and deliver all its work as originally planned. In response, DfT has rephased the Lower Thames Crossing road project by two years. In October 2023, the Prime Minister cancelled Phases 2a and 2b of HS2 due to its increasing cost, in part due to inflation, and is redirecting this money to other transport projects.

Government's response to cost pressures because of inflation may include other transport projects and programmes being delayed, re-scoped or cancelled.

Notes

1 In 2021-22, IPA simplified its RAG (red, amber, green) rating from five to three categories. The three categories in use are:

Green: successful delivery of the project on time, budget and quality appears highly likely.

Amber: successful delivery of the project appears feasible but significant issues already exist, requiring management attention.

Red: successful delivery of the project appears to be unachievable. There are major issues with project definition, schedule, budget, quality and/or benefits delivery, which at this stage do not appear to be manageable or resolvable.

2 The delivery confidence assessments included in this report are provided by IPA for projects where the projects have received active IPA support or have undertaken an independent IPA assurance in the past six months. For other projects, the delivery confidence assessment is provided by the senior responsible owner (SRO).

Part Three • Delivery against DfT's priority outcomes

Priority outcome one

Grow and level up the economy by investing in and enhancing the transport network, and improving connectivity across the UK

Delivery confidence assessment ratings for DfT's major projects, as at March 2023

Project	Sector	Description	DfT's estimated whole-life cost, at March 2023 (£mn)	IPA assessment (2022-23)
Crossrail Programme	Rail	A new high-frequency rail service which will increase rail-based capacity in London and cut journey times across London and the South East.	18,815	Green
Rail Passenger Services	Rail	The Passenger Services programme centring on the transition to National Rail Contracts (NRCs).	17,510	Amber
Northern Powerhouse Rail	Rail	The government's vision to transform rail connectivity by providing faster and more frequent services between the North's key economic centres.	17,265	Amber
Transpennine Route Upgrade	Rail	A major multi-billion-pound programme of railway improvements between Manchester, Huddersfield, Leeds and York.	11,453	Amber
Lower Thames Crossing	Road	A proposed new expressway connecting Kent, Thurrock and Essex through twin-bored tunnels under the Thames.	8,309	Amber
East West Rail Connection Stages 2 and 3	Rail	A scheme to create a rail link from Oxford to Cambridge.	3,970	Amber
East Coast Digital Programme	Rail	Introducing European Train Control System signalling technology to the East Coast Mainline southern section between Kings Cross and Stoke Tunnel.	3,477	Amber
2nd Generation UK Search and Rescue Aviation	Aviation	The UK's replacement aviation Search and Rescue (SAR) and Aerial Surveillance and Verification (ASV) services.	1,959	Green
Rail Transformation Programme	Rail	The Programme will create Great British Railways (GBR) to bring track, train and whole-system finance under a single "guiding mind" to tackle inefficiency caused by the current fragmentation of the railway system.	1,961	Amber
Midlands Rail Hub	Rail	Programme aiming to improve rail connectivity and boost economic growth across the Midlands and towards the South-West through a series of projects across the region.	1,563	Amber
Further Electrification of Midland Main Line (MML3)	Rail	Electrification of the Midland Mainline from Wigston to Sheffield and Nottingham.	1,468	Amber
Midland Main Line Programme	Rail	A package of works to provide new track and electrification between Bedford, Kettering and Corby, along with journey time improvements across the MML.	1,421	Green
East West Rail Configuration Stage 1	Rail	Scheme to create a rail link from Oxford to Cambridge, and is a key part of the governments ambition for the Oxford to Cambridge Arc.	1,353	Amber
East Coast Mainline Programme	Rail	A collection of track and power upgrade schemes between London King's Cross and Edinburgh to increase capacity and reduce journey times.	1,040	Amber
Rapid Charging Fund	Road	Funding to support upgrades to parts of the electricity grid at strategic locations where it is currently not commercially viable to do so, to enable private sector delivery of ultra-rapid chargepoints.	975	Amber
A417 Air Balloon	Road	Connecting the two dual carriageway sections of the A417 near Birdlip in Gloucestershire.	482	Green
HS2 Phase 1	Rail	Phase 1 of HS2, a new railway connecting the country's biggest cities and economic regions.	Exempt	Red
HS2 Phase 2a	Rail	Phase 2a of HS2, a new railway connecting the country's biggest cities and economic regions.	Exempt	Red
HS2 Phase 2b Western Leg	Rail	Phase 2b of HS2, a new railway connecting the country's biggest cities and economic regions.	Exempt	Amber
A66 Northern Trans-Pennine	Road	Dualling of the remaining single-carriageway sections on the A66 between M6 junction 40 Penrith and A1M Scotch Corner.	Exempt	Amber
A12 Chelmsford to A120 Widening	Road	Widening the A12 to three lanes between junction 19 (north of Chelmsford) and junction 25 (A120 interchange).	Exempt	Amber
A303 Amesbury to Berwick Down	Road	Constructing a free-flowing dual carriageway replacing the current single lane on the A303 between Amesbury and Berwick Down.	Exempt	Amber
A428 Black Cat to Caxton Gibbet	Road	Providing a new off-line two-lane dual carriageway between Black Cat roundabout on the A1 in Bedfordshire and Caxton Gibbet roundabout on the A428 in Cambridgeshire.	Exempt	Amber

Notes

1 The delivery confidence assessments (DCAs) included in this report are provided by the Infrastructure and Projects Authority (IPA) for projects where the projects have received active IPA support or have undertaken an independent IPA assurance in the past six months. For other projects, the DCA is provided by the SRO.

2 Some projects and programmes are exempt from providing their whole-life cost under Section 43 of the Freedom of Information Act 2000 (Commercial Interests).

3 In October 2023, the Prime Minister cancelled Phases 2a and 2b of HS2.

Source: Infrastructure and Projects Authority's 2022-23 Annual Report and Accounts and Department for Transport's reporting on its major projects.

Part Three • Delivery against DfT's priority outcomes

Priority outcome two

Improve transport for the user, ensuring that the network is safe, reliable and inclusive, and building confidence in the transport network as the country recovers from the COVID-19 pandemic

DfT is responsible for ensuring improvements for users of the transport system and for maintaining a transport system that meets the needs of the public. DfT aims to put the needs and expectations of current and potential passenger and freight users at the heart of the transport system and think about end-to-end journeys not just individual transport modes.

Priority outcome indicators: Improve transport for the user

DfT has a range of metrics that were agreed at Spending Review 2021 and are used to monitor progress towards delivering its priority outcomes. These metrics are not exhaustive and can be considered alongside a wider range of evidence. DfT has 11 performance metrics for its priority outcome to improve transport for the user. We outline a selection of these metrics (below) relating to user satisfaction, safety and trips per person.

<table>
<tr><th>Performance metric</th><th>Performance outcome</th></tr>
<tr><td>Percentage of users satisfied with their most recent journey, England (Strategic road network and bus)</td><td>Strategic road network: 73% (Q4 2022); 73% (Q3 2022); 74% (Q2 2022)
Data from the Bus Passenger Survey 34 are no longer available, and have been replaced by the Bus User Survey, which is run fortnightly. Overall satisfaction with bus journey stood at 87% in the last Bus User Survey report, covering the period 6 January – 11 June</td></tr>
<tr><td>Percentage of users very or fairly satisfied with their local roads, England</td><td>48% (2021-22)
43% (2020-21)
42% (2019-20)</td></tr>
<tr><td>Percentage of users very or fairly satisfied with provision in their local area, England (cycling, walking)</td><td>Cycling: 42% (2021); 26% (2020); 29% (2019)
Walking: 78% (2021); 78% (2020); 68% (2019)</td></tr>
<tr><td>Percentage of rail journeys rated satisfactory, Great Britain</td><td>This survey has not been run since the onset of the pandemic. Weekly user experience surveys have been run by Transport Focus since September 2021, with overall satisfaction in the 83%–90% range</td></tr>
<tr><td>Number of people killed or seriously injured in reported road traffic collisions, by road user, Great Britain</td><td><table>
<tr><th>Year</th><th>All road users:</th><th>Pedestrians:</th><th>Pedal cyclists:</th><th>Motorcycle users:</th><th>Car occupants:</th></tr>
<tr><td>2021</td><td>27,450</td><td>5,393</td><td>4,464</td><td>5,574</td><td>10,384</td></tr>
<tr><td>2020</td><td>24,166</td><td>4,722</td><td>4,476</td><td>4,798</td><td>8,992</td></tr>
<tr><td>2019</td><td>30,976</td><td>6,998</td><td>4,347</td><td>6,101</td><td>12,093</td></tr>
</table></td></tr>
<tr><td>Number of trips per person per year, by main mode and disability status</td><td><table>
<tr><th></th><th>2019</th><th>2020</th><th>2021</th></tr>
<tr><td>Aged 16 to 59 (with disability)</td><td>850</td><td>621</td><td>672</td></tr>
<tr><td>Aged 16 to 59 (without disability)</td><td>1,027</td><td>809</td><td>816</td></tr>
<tr><td>Aged 60+ (with disability)</td><td>680</td><td>544</td><td>526</td></tr>
<tr><td>Aged 60+ (without disability)</td><td>984</td><td>787</td><td>837</td></tr>
</table></td></tr>
</table>

1 Measurements for performance against departmental priority outcomes, covering 2022–2025, were agreed at Spending Review 2021. Further description of the government's planning and performance framework can be found at *www.gov.uk/government/publications/planning-and-performance-framework/the-governments-planning-and-performance-framework*

2 The full range of metrics can be found in *Department for Transport Annual Report and Accounts 2022-23*, published July 2023, pages 72 to 75.

Part Three • Delivery against DfT's priority outcomes

Priority outcome two

Improve transport for the user, ensuring that the network is safe, reliable and inclusive, and building confidence in the transport network as the country recovers from the COVID-19 pandemic

Rail

Rail network performance

DfT's 2022-23 annual report identifies that the performance of the railway network has declined since 2020, although DfT says that performance is higher than pre-COVID-19 levels. For example, DfT reported that the annual average proportion of trains on time reduced from 80% in the year to March 2021 to 68% in March 2023 and that the proportion of cancelled trains increased from 2% in March 2021 to 4% in March 2023.

DfT reported that in 2022-23, there was an increase in the number of train delays caused by faults with the track and overhead wires, from issues with rolling stock and unavailability of train crew. Severe weather has also caused more delays than in previous years.

DfT has said that the current performance of the railways is unacceptable.

In 2022-23, DfT reported that industrial action across all 14 DfT-contracted passenger service operating companies and Network Rail over workforce reforms also impacted performance and led to significantly reduced train services on strike days and deferred infrastructure maintenance.

Rail reform – Great British Railways

The current arrangements for delivering rail services in England are complex and distributed across the public and private sectors, as we previously set out in our 2021 *A financial overview of the rail system in England*.

Government published the *Plan for Rail in May 2021*. It identified key problems including a lack of clear strategic direction for rail, fragmented accountabilities within the sector and that the needs of customers have not been put first. It called for a "guiding mind" to take responsibility for the rail system. To deliver reforms, DfT established its Rail Transformation programme. This included plans to create Great British Railways (GBR), which would be responsible for running the rail network.

In October 2021, DfT announced the establishment of the GBR Transition Team (GBRTT), led by Network Rail's chief executive. GBRTT has begun to implement elements of the programme, for example improvements to fares and ticketing. It plans to deliver contactless tap-in and tap-out ticketing outside of London and has trialled 'single-leg' pricing on the East Coast Main Line as a replacement to off-peak return fares.

At the end of March 2023, DfT reported that Network Rail had spent £52.6 million on GBR including £10.3 million on fares ticketing and rail reform.

The NAO plans to report on rail reform in 2024.

What to look out for: Rail reform

DfT planned to establish GBR by early 2024. Primary legislation is required to fully establish GBR but there continues to be uncertainty over when the legislation can be introduced and passed in Parliament. **DfT is working with GBRTT and the wider sector to determine what can be delivered ahead of legislation.**

Part Three • Delivery against DfT's priority outcomes

Priority outcome two

Improve transport for the user, ensuring that the network is safe, reliable and inclusive, and building confidence in the transport network as the country recovers from the COVID-19 pandemic

Local roads and public transport

Bus reform

In 2020 we reported on *Improving local bus services in England outside London*. We found that bus services have been declining across England for a long time. DfT is not accountable for delivering bus services, but it has national policy responsibility. We recommended that DfT set out a clear, consistent vision of the future of bus travel.

Government plans to reform bus services to make them more frequent, reliable, better coordinated, and cheaper for the public. DfT also wants reforms to provide more accessible information about services. In April 2022, DfT awarded more than £1 billion of indicative funding to 34 local transport authorities to fund improvements, as set out in their Bus Service Improvement Plans. In October 2023, government announced a further £1 billion of funding for bus improvements in the North and Midlands.

DfT is also continuing to support bus services and users. In January 2023, DfT introduced a £2 fare cap on single bus tickets in England outside London to help bus users with the cost of living. In May 2023, DfT made £300 million available covering July 2023 to July 2025 to support bus services. In October 2023, government committed to extend the £2 fare cap to the end of 2024. DfT says it will also be used to protect vital bus services that people rely on for work, education, medical appointments and shopping.

What to look out for: Bus service reforms

As part of reforms, DfT is moving away from the commercial model that gives private operators the ability to decide where to run bus services and how much to charge for fares, which has been in place since 1986.

Reforms gave local authorities the option to franchise their bus services, as is currently the model in London. DfT will shortly be publishing new bus franchising guidance.

Greater Manchester has formally elected to undertake bus franchising. **DfT expects services in Manchester to be fully franchised by 2025.** Liverpool City Region has also announced that it plans to franchise its bus network. A small number of other authorities are exploring the possibility of franchising their bus services.

DfT set an expectation that all local authorities develop Enhanced Partnerships with bus service providers. This is a statutory arrangement which gives the local authority more control over the bus services provided in their area, while working with local bus operators. Most local authorities published their Enhanced Partnerships by September 2023. DfT expects the remainder to do so by the end of 2023.

Part Three • Delivery against DfT's priority outcomes

Priority outcome two

Improve transport for the user, ensuring that the network is safe, reliable and inclusive, and building confidence in the transport network as the country recovers from the COVID-19 pandemic

Local road maintenance

Local roads are used by a wide variety of users, including motorists, logistics companies, pedestrians and cyclists. Local highways authorities have a statutory responsibility to help maintain their road network to as good a quality as possible for these users and DfT provides capital grant funding each year (outside of London) for this purpose using a need-based formula.

There is a substantial backlog for local road maintenance, which was exacerbated by the weather conditions in the winter of 2022-23, when very wet weather followed by very cold weather caused rapid deterioration of many road surfaces.

DfT estimates that at least £375 million per year of extra funding is required to prevent further decline and up to £12 billion is required over the next 10 years to eliminate the backlog. Cost pressures from inflation mean that the maintenance backlog will get longer as work is delayed.

The NAO plans to report on local road maintenance in 2024.

Delivering the commitments in DfT's Inclusive Transport Strategy

DfT published its Inclusive Transport Strategy in 2018, which aims that the transport system should offer equal access for disabled passengers by 2030, with assistance if physical infrastructure remains a barrier.

In 2020, several commitments in the strategy were paused or delayed due to the impact of COVID-19 on the transport sector and travelling public. Since then, DfT reports that many of the commitments have been delivered and has committed to delivering those which remain.

In 2022, DfT commissioned the development of a scorecard of 23 metrics to evaluate progress against the Inclusive Transport Strategy. The scorecard will be updated annually to 2024.

Part Three • Delivery against DfT's priority outcomes

Priority outcome three

Tackle climate change and improve air quality by decarbonising transport

Transport is currently the largest emitting sector of greenhouse gases in the UK, with most emissions from road transport. In 2022, domestic transport accounted for 34% of all UK emissions. Between 1990 and 2022, transport-related emissions reduced by just 11%, the lowest of any sector.

DfT's approach to decarbonising transport

In July 2021, DfT published its *Transport Decarbonisation Plan* setting out the steps it is taking to reduce domestic carbon emissions across the transport system. DfT's strategic priorities for transport decarbonisation are:

- accelerating modal shift to public and active transport;
- UK as a hub for green transport technology and innovation;
- decarbonising road transport;
- place-based solutions to emissions reduction;
- decarbonising how we get our goods; and
- reducing carbon in a global economy.

1 We have audited several areas of DfT's and other government departments' work related to decarbonising transport in recent years. The remainder of this section examines DfT's progress in delivering against the strategic priorities in its decarbonisation plan.

Priority outcome indicators: Reduce environmental impacts

This priority outcome reflects DfT's contribution to the Department for Energy Security & Net Zero-led (DESNZ) cross-cutting policy outcome to reach net zero emissions by 2050.

DfT has a range of metrics that were agreed at Spending Review 2021 and are used to monitor progress towards delivering its priority outcomes. These metrics are not exhaustive and can be considered alongside a wider range of evidence.

DfT has 13 performance metrics for its priority outcome to reduce environment impacts, a selection of which are outlined below.

Performance metric	Performance outcome
Greenhouse gas emissions from domestic transport, including HGVs (million tonnes of CO_2 equivalent), UK	109.45 (Dec 2021) 99.27 (Dec 2020) 123.1 (Dec 2019)
Total projected greenhouse gas emission savings from estimated DfT policies, including in Energy and Emissions Projections (million tonnes of CO_2)	Not reported by DfT. In October 2022, the (then) Department for Business, Energy & Industrial Strategy published data projecting that transport policies would save around 600 $MtCO_2e$ between 2023 and 2027.
Percentage of cars and vans that are (i) Zero Emission Vehicles (ii) Ultra-Low Emission Vehicles in the UK	Zero emission vehicles 1.6% (2022 Q3) Ultra-low emission vehices 2.6% (2022 Q3)
Number of publicly accessible charge points for electric vehicles per 100,000 population, in England	Rapid charge points: 10 (Dec 2022); 9.4 (Sep 2022); 8.8 (Jun 2022) Non-rapid charge points: 45.7 (Dec 2022); 43.3 (Sep 2022); 39.8 (Jun 2022)
Average (mean) number of cycling trips as proportion of total trips, England	2% (2022) 2% (2021) 3% (2020) 2% (2019)
Average (mean) number of walking trips as proportion of total trips, England	31% (2022) 31% (2021) 32% (2020) 26% (2019)

Part Three • Delivery against DfT's priority outcomes

Priority outcome three

Tackle climate change and improve air quality by decarbonising transport

Active travel

Active travel describes everyday journeys made by walking, wheeling, or cycling. It is a low-carbon way to get around and supports multiple policy objectives of government, including improving health and air quality, and reducing carbon emissions. DfT has a strategic priority to accelerate modal shift to active travel and it plays a role in providing place-based solutions to reduce emissions. Active travel can also reduce the emissions of goods delivery in the last miles of transit.

DfT has objectives to increase cycling and walking and estimates that for every £1 it spends on active travel between 2021 and 2025, £4.30 will be returned in benefits, mainly from improvements in people's health. In July 2022, DfT published its second Cycling and Walking Investment Strategy (CWIS2). This sets out the funding available to deliver DfT's objectives to increase active travel to 2025.

In August 2022, DfT set up Active Travel England (ATE) as a new executive agency. By improving infrastructure quality, integrating active travel and planning, addressing local authority capability and strengthening the evidence base for active travel, DfT expects ATE to increase the return on government's £3.3 billion investment in active travel between 2021 and 2025.

Our June 2023 report *Active Travel in England* found that DfT has known too little about what has been achieved since it published its first Cycling and Walking Investment Strategy in 2017 and it has not been able to influence the local delivery of schemes consistently. This has led to patchy delivery of active travel schemes and it is unlikely that three out of DfT's four objectives for increased active travel will be achieved. ATE has the potential to be a catalyst for increasing walking, wheeling and cycling. It has made good early progress and is well placed to address many of the issues that can lead to poor-quality active travel schemes.

Support for innovation to deliver net zero

DfT has a strategic priority for the UK to be a hub for green transport technology and innovation.

Our May 2023 report *Support for innovation to deliver net zero* found that the DESNZ has mapped out £4.2 billion of net zero research and innovation public sector funding to 2025. The largest element of this funding is £1.9 billion for decarbonising transport, which is made up of funds from multiple central government departments.

Planned public sector spending for transport-related net zero research and innovation programmes is allocated across seven sub-sectors including decarbonising roads, railways, maritime and aviation. Of these sub-sectors, aviation has the highest planned spending at £792 million (which will be funded by multiple central government departments) and government expects it will be one of the most difficult sectors to decarbonise.

Sustainable aviation fuel (SAF) is the most readily available technology for aviation decarbonisation. Some SAF production pathways are well established as they utilise the same technologies deployed in the production of road biofuels. However, most low-carbon and zero-carbon technological solutions are at very early stages of development, with substantial research and innovation required to develop and test a variety of potential solutions over the coming decade.

Part Three • Delivery against DfT's priority outcomes

Priority outcome three

Tackle climate change and improve air quality by decarbonising transport

Electric vehicles and charging infrastructure

DfT has a strategic priority to decarbonise road transport. Electric vehicles are a key component of how government plans to reduce road vehicle emissions.

In February 2021, we reported on progress in *Reducing carbon emissions from cars*. We concluded that government needed to develop detailed plans to achieve its targets to phase out the sale of petrol and diesel cars by 2030. This will be a complex transition as moving away from traditional fuels involves significant changes for consumers, fuel suppliers and car-makers.

In March 2022, DfT published its Electric Vehicle Infrastructure Strategy, which set out its plan for the rollout of charging infrastructure ahead of the phase out dates.

To support the transition to electric vehicles, the strategy included 18 commitments to support the rollout of a charging network on major roads, support local authorities to scale up the rollout of chargepoints on local streets, address barriers to private sector rollout, and regulate to make sure chargepoints are easy to use. The strategy included a commitment to ensure there are at least six high-powered chargepoints at each motorway service area by the end of 2023.

In September 2023, the Prime Minster announced that the target to phase out the sale of petrol and diesel cars would be delayed, from 2030 to 2035. Its new Zero Emission Vehicle (ZEV) mandate and Plan for Drivers now requires 80% of new cars and 70% of new vans sold in Great Britain to be zero emission by 2030, increasing to 100% by 2035.

As part of the Plan for Drivers, the government set out further actions it will take to support the transition to zero emission driving. These include an intention to review the grid connections process for electric vehicle charge points, consult on the expansion of street works permits to chargepoint operators, and consult on the expansion of permitted development rights.

Air quality

The UK has legal air quality limits for major pollutants, including nitrogen oxide (NO_2). Transport is a major contributor of NO_2 pollution and there have been longstanding breaches of NO_2 levels in the UK. In 2016, the Department for Environment, Food & Rural Affairs (Defra) and DfT established the Joint Air Quality Unit (JAQU) to oversee delivery of the NO_2 Programme – government's largest dedicated air quality initiative.

Our June 2022, report *Tackling local breaches of air quality* found that government had made some progress in tackling NO_2 pollution, but progress had been slower than expected. While this is undoubtedly due in part to the COVID-19 pandemic, other factors including the effectiveness of public engagement had likely played a role. Government had been slow to consider the case for national action to tackle the challenges on major roads and motorways, which means that overall compliance with NO_2 limits cannot be achieved until after 2030. This is more than four years later than government expected when it published its plan for tackling NO_2 in 2017.

Some local authorities are introducing clean air zones where targeted action is taken to improve air quality – for example, by charging a fee to discourage the most polluting vehicles from entering the zone. Since our report in 2022, JAQU has supported four new Clean Air Zones in Bradford (September 2022), Bristol (November 2022), Tyneside (January 2023) and Sheffield (February 2023).

We found other concerns about health risks from particulate matter, levels of which can be high on busy, urban roads with heavy congestion. Government has set new legally binding long-term targets to cut exposure to fine particulate matter (PM2.5) by 2040. Government's *Environmental Improvement Plan*, which it published in January 2023, sets out interim targets to January 2028 and plans for how these will be achieved.

Part Three • Delivery against DfT's priority outcomes

Priority outcome three

Tackle climate change and improve air quality by decarbonising transport

Resilience to extreme weather

Extreme weather events are increasing due to climate change. This will continue to have an impact on the transport network, causing disruption and a risk to safety. Ensuring the network is resilient to weather events requires adaptation.

Following the 2020 Stonehaven rail tragedy, DfT has set out measures to strengthen resilience of the UK's rail network against extreme weather conditions. Following the heatwave experienced in July 2022, Network Rail has set up a taskforce that will make recommendations on how it can develop its approach to railway resilience during extreme weather and tackle the effects of hot weather.

In November 2021, DfT published a report on lessons learned from extreme-weather emergencies on UK highways. In February 2022, National Highways published a report setting out action it is taking on the strategic road network to adapt to current and future climate change impacts. Risks identified include: increased precipitation which may cause overwhelmed drainage and surface flooding; higher temperatures which may cause concrete damage, failure of thermal expansion joints in bridges and road surface melting; wind action damaging structures; and UV light causing road surfaces to degrade.

The NAO will report on government's preparedness for future extreme weather events in 2023.

What to look out for: Resilience to extreme weather

In July 2023, government published *The Third National Adaptation Programme*, which sets out how it will respond to the long-term impacts of climate change between 2023 and 2028. **It includes an action that by the end of 2023 DfT will seek to consult on a new transport adaptation strategy, which will take a holistic approach to addressing climate risks to transport.**

The Secretary of State for Transport, using the Adaption Reporting Power, has issued a direction to Network Rail and National Highways to report on progress made in addressing their climate risks. **They will report in 2024.**

What to look out for: Accounting for the impact of climate

Climate change is likely to have a material impact on DfT's financial statements, most notably on road, rail, and other transport infrastructure assets which are valued using a depreciated replacement cost method. **Climate change may impact these valuations,** for example the useful lives of asset components and risks to assets in specific locations such as coastal locations.

The Taskforce on Climate-related Financial Disclosures has made recommendations on reporting climate-related financial risks. **HM Treasury has proposed an approach for central government bodies to disclose climate-related risk in their annual reporting.**