



National Audit Office

An Overview of the
Department for Transport
for the new Parliament 2023-24

November 2024

OVERVIEW

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1 Introduction to the National Audit Office

Welcome to our Overview of the Department for Transport, part of our series of Overviews for the new Parliament, covering government departments and cross-cutting issues.

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enables us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account and we use our insights to help those who manage and govern public bodies to improve public services. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion.

We are funded by, and accountable to, Parliament. As an Officer of the House of Commons, I am committed to ensuring that we support you and your staff in your work as a Member of Parliament, and your scrutiny of public spending and performance.

Our dedicated Parliamentary team can offer you support and put you in touch with our experts on subjects of interest to you and your constituents. If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.



Gareth Davies

COMPTROLLER & AUDITOR GENERAL
NATIONAL AUDIT OFFICE

Gareth Davies was appointed Comptroller & Auditor General (C&AG) in June 2019. He was appointed by the Monarch, following the approval of the House of Commons.

The C&AG has statutory authority to examine and to report directly to Parliament on whether government departments and other public sector bodies have spent taxpayers' money in the way Parliament intended. The C&AG and his staff are totally independent of government.

Gareth is a Fellow of the Chartered Institute of Public Finance and Accountancy and a Fellow of the Institute of Chartered Accountants in England and Wales. He is a non-executive Board member of the INTOSAI Development Initiative (IDI), which supports Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

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2 How the NAO can help you as a Member of Parliament

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How we support Parliament

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

What we can offer

Through our website or our Parliamentary Relations team, MPs, peers and staff can:

- request a personal briefing on areas of our work that are of interest to them;
- sign up to receive embargoed copies of our reports on subjects of interest;
- make general queries about public spending, or raise concerns with us about value for money; and
- request advice on understanding and scrutinising departments' annual reports and accounts.

Resources available on our website

- **Reports:** Reviews of public spending and how well government is delivering.
- **Insights:** Learning and best practice to help people across government and the wider public sector.
- **Overviews:** Factual overviews of government departments, sectors and services.
- **Work in progress:** Our schedule of future publications.
- **Briefings:** Background information and factual analysis to support Select Committees.

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How to get in touch

- Via our Parliamentary email inbox: parliament@nao.org.uk.



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This report has been produced to provide an introduction to the Department for Transport (DfT) and the NAO's examination of its spending and performance. **It is intended to support the Transport Select Committee and Members across the House in their examination of DfT.**

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 of DfT's Annual Report and Accounts. DfT spends around **£40 billion each year** to support the transport network that helps get people and goods travelling around the UK. DfT also plans and invests in transport infrastructure.

The report includes:

- DfT's strategic objectives and priorities and how it is structured;
- where DfT spent its money in 2023-24 and its spending patterns;
- principal risks facing DfT;
- DfT's performance on improving transport for users;
- DfT's major projects portfolio;
- DfT's work on rail, roads and locally delivered transport;
- DfT's activity to reduce the impact of transport on the environment; and
- things to look out for in transport and more information about our work on DfT.

This report updates our previous report, [Department for Transport \(DfT\): Departmental Overview 2022-23](#), published in November 2023.

Focus of NAO work on transport

Since our previous overview, we have published reports on *Rail reform: the rail transformation programme*, *The condition and maintenance of local roads in England*, and *HS2: update following cancellation of Phase 2*. We also published an *Investigation into the East-West Rail project (Oxford – Cambridge)*. Our findings from these reports are summarised at the end of this overview.

How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value-for-money 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 any 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.

Other relevant publications

More information about our work on DfT, as well as information about our other recent and upcoming reports can be found on the [NAO website](#).



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DfT works with its agencies and other bodies to support the transport network that helps people and goods get to where they need to go. DfT plans and invests in transport infrastructure to keep the UK on the move.

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 priority outcomes

DfT had three Priority Outcomes set out as part of its Spending Review settlement in 2021.

- 1 Growing and Levelling Up the Economy:** Improving connectivity across the UK and growing the economy by enhancing the transport network, on time and on budget.
- 2 Improving Transport for the User:** Ensuring that the transport system is safe, reliable, joined up and accessible, whilst also building transport user and supplier confidence.
- 3 Reducing Environmental Impacts:** Decarbonising transport, meeting air quality and biodiversity targets and adapting to climate change, as DfT works across Government to achieve Net Zero commitments.

In July 2024, the Secretary of State for Transport set out her five strategic priorities for DfT:

- 1 Improving performance on the railways and driving forward rail reform
- 2 Improving bus services and growing usage across the country
- 3 Transforming infrastructure to work for the whole country, promoting social mobility and tackling regional inequality
- 4 Delivering greener transport
- 5 Better integrating transport networks

Department for Transport's (DfT's) responsibilities by transport mode

DfT's responsibilities vary by transport mode. In most cases, DfT sets policy and investment priorities and provides guidance. DfT also supports the development and delivery of major infrastructure projects.

Transport mode	Responsibilities
Local transport	Provides policy, guidance and funding to 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 4,500 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 capital and revenue funding to local authorities and operators to support bus services, 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.

Source: National Audit Office analysis of Department for Transport data

5 How DfT is structured

DfT is overseen by the Secretary of State, ministers and two permanent secretaries. Much of DfT's work is conducted with and through its public bodies. There is a framework document in place between DfT and each of its public bodies which sets out respective responsibilities, accountabilities, governance arrangements and financial management.

Secretary of State and ministers						
Permanent secretaries						
Departmental groups ¹						
Rail Services Group	Major Rail Projects Group	Road Transport Group	Aviation, Maritime and Security Group	Public Transport and Local Group	Decarbonisation, Technology and Strategy Group	Corporate Delivery Group
Leads on overall strategy for rail and supports the provision of passenger rail services.	Responsible for overseeing the High Speed Two and Northern Powerhouse Rail programmes.	Leads on driving and road related matters.	Leads on aviation, maritime, safety and security.	Manages relationships with local government and local transport operators. Leads on accessibility and inclusion.	Leads on environmental and technology policy.	Leads on corporate activities.
Key DfT delivery bodies ²						
<ul style="list-style-type: none"> East West Railway Company Ltd Train operating companies under public ownership³ 	<ul style="list-style-type: none"> High Speed Two (HS2) Ltd 	<ul style="list-style-type: none"> National Highways Driver and Vehicle Standards Agency Driver and Vehicle Licensing Agency Vehicle Certification Agency Active Travel England Office of Zero Emission Vehicles 	<ul style="list-style-type: none"> Maritime and Coastguard Agency Civil Aviation Authority Accident Investigation Branches (Air, Rail and Marine) 	<ul style="list-style-type: none"> Network Rail Group Transport Focus Group British Transport Police Authority 		

Notes

- The structure presented reflects DfT's restructuring of its groups in 2024, which took effect from 1 April 2024. It excludes the Government Legal Department group which is not headed by a director general.
- This list does not include all of DfT's public bodies. A full list can be found in DfT's annual report and accounts 2023-24.
- As at end of March 2024, DfT owned four train operating companies through the DfT Operator of Last Resort Holdings Ltd (DOHL): London North-Eastern Railway, Transpennine Trains Ltd (TPT), SE (Southeastern) Trains Ltd and Northern Trains Ltd.

Source: National Audit Office review of Department for Transport, *Annual Report and Accounts 2023-2024*, July 2024, and Department for Transport's organisation chart, August 2024

6 Where DfT spends its money

In 2023-24 DfT's overall (net) spend was £44.3 billion. Several agencies and arm's-length bodies offset their expenditure with operating revenues which, along with other income received by DfT and its bodies, totalled £6.7 billion in income for DfT.

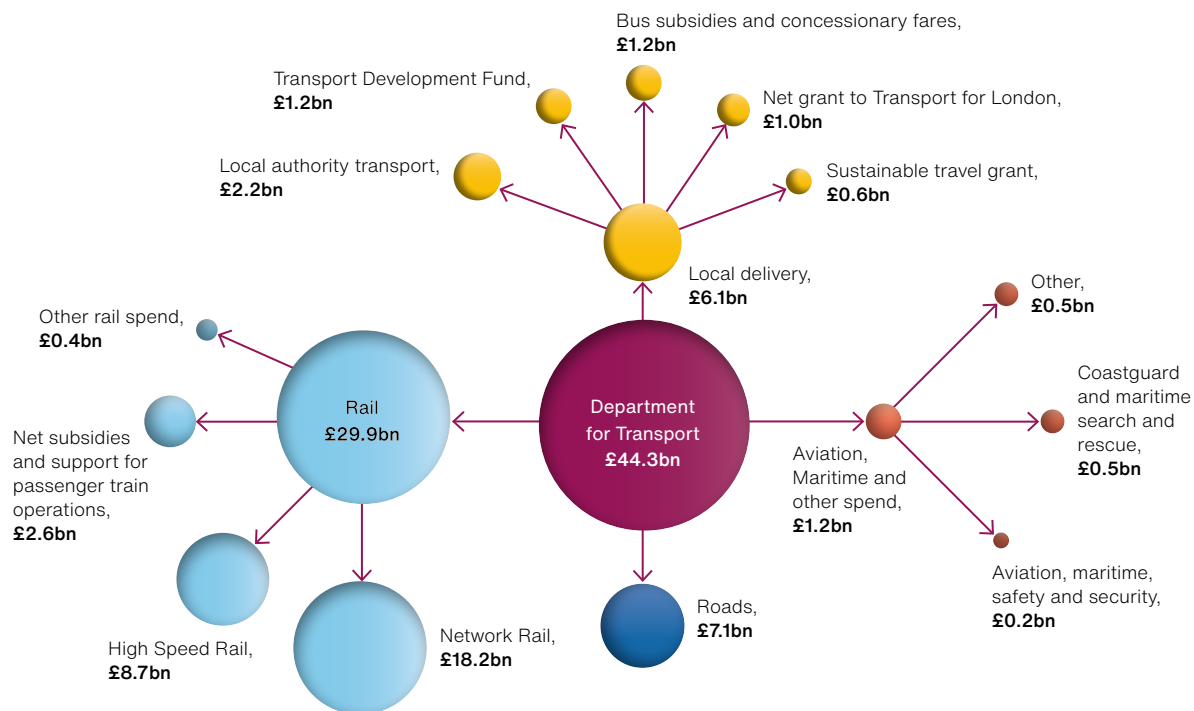
DfT's largest area of spend was on the rail sector (£29.9 billion), most of which was on rail infrastructure management and enhancements delivered through Network Rail (£18.2 billion) and High Speed Two (HS2) Ltd (£8.5 billion). A further £2.6 billion was spent on subsidies and support for passenger train services.

DfT also disclosed constructive losses of £2.2 billion following the government's cancellation of Phase 2 of the HS2 programme and changes to how Euston station would be delivered in October 2023. The constructive losses relate to spend on Phase 2, both prior to the cancellation and during the rest of 2023-24, and the reduction in value of Phase 2 and Euston assets.

DfT's other main areas of spend were:

- strategic road management and enhancements in England through National Highways (£7.1 billion); and
- funding to local authorities in England for their management of local transport (£6.1 billion) including road maintenance, bus subsidies and concessionary fares.

Department for Transport's net spend in 2023-24



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 £11.6 billion of depreciation, impairment charges and non-cash movement in derivatives. 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 £8.5 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.
- 5 'Other rail spend' includes spend on East West Rail and Crossrail.
- 6 Road spend includes £7.1 billion on National Highways, income from road charging schemes and spend on motoring agencies.
- 7 Other spend includes £443 million on central administration and £50 million on science, research and support functions.

7 DfT'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 spend has remained at around £22 billion since 2022-23 after adjusting for inflation. Prior to that period, resource spend had increased significantly as DfT spent £9.3 billion in 2020-21 and £5.4 billion in 2021-22 (in real terms) on supporting passenger rail services during the COVID-19 pandemic.

Since the pandemic, DfT has sought to reduce its support for passenger rail services as demand began to recover, with a net spend in 2023-24 of £2.6 billion. However, revenue has not increased as fast as it had been assumed in the 2021 Spending Review due to fewer passengers, changes in the types of journeys made, and industrial action.

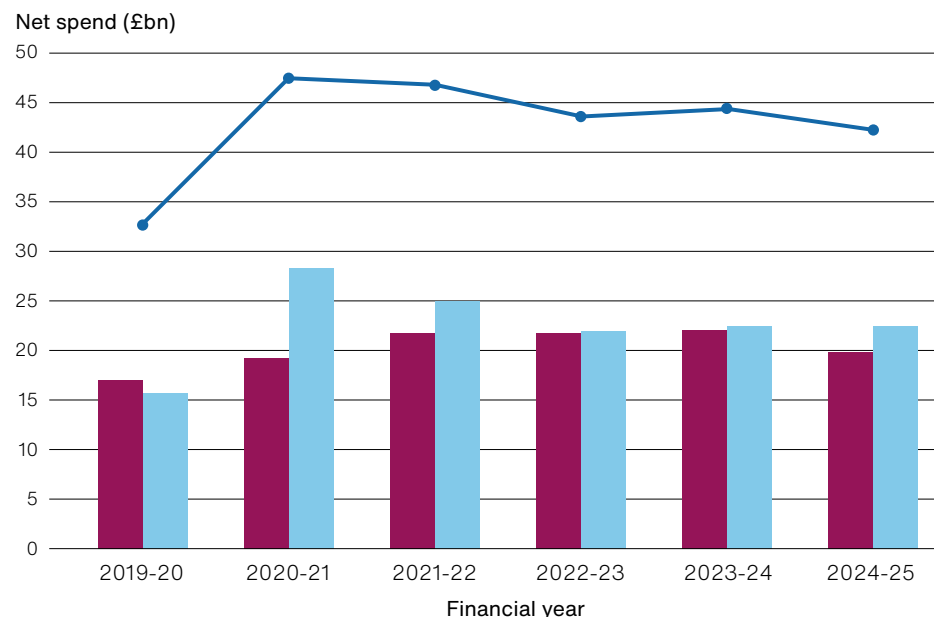
At the end of March 2024, DfT had planned resource spending of £22 billion for 2024-25. However, in July 2024, HM Treasury reported cost pressures in 2024-25 of £1.6 billion on rail services and £1.3 billion on rail maintenance that will need to be managed.

Capital spend has also remained at around £22 billion a year since 2021-22 in real terms. The main areas of capital spend were (see graph on page 10):

- HS2 capital costs, which have continued to increase each year to £7.4 billion in 2023-24 from £2.7 billion in 2019-20 as Phase 1 construction activity reached its peak;
- Network Rail's rail enhancement programme, at around £6 billion each year; and
- delivery of the second Road Investment Strategy by National Highways, at around £3.5 billion a year.

As at the end of March 2024, DfT planned for a lower capital spend of £20 billion in 2024-25.

Department for Transport's net spend by capital and resource, 2019-20 to 2024-25



■ Capital	16.9	19.2	21.8	21.7	22.0	19.8
■ Resource	15.7	28.2	25.0	21.9	22.4	22.4
● Total	32.6	47.5	46.8	43.6	44.3	42.2

Notes

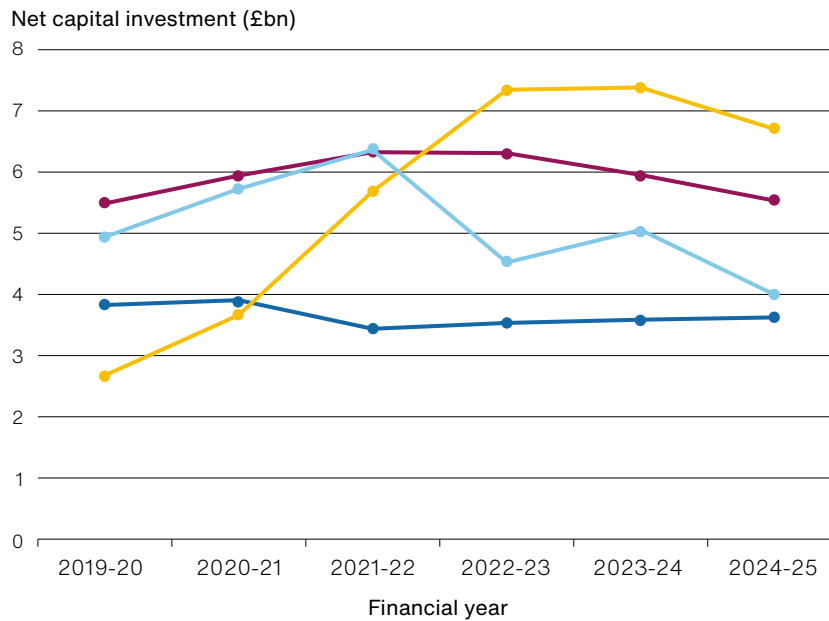
- 1 Values may not sum due to rounding.
- 2 Values for 2019-20, 2020-21, 2021-22 and 2022-23 are shown in real terms and have been adjusted for inflation, using the GDP deflators published alongside the Office for National Statistics Quarterly Accounts for June 2024. These were the latest available deflators as at September 2024.
- 3 The spend shown is actual net spend, except for 2024-25, which is planned net spend.

Source: National Audit Office analysis of Department for Transport, *Annual Report and Accounts 2023-2024*, July 2024

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DfT's spending patterns *continued*

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



● Network Rail	5.5	5.9	6.3	6.3	6.0	5.5
● Other bodies	4.9	5.7	6.4	4.5	5.1	4.0
● National Highways	3.8	3.9	3.4	3.5	3.6	3.6
● High Speed Two	2.7	3.7	5.7	7.3	7.4	6.7

Notes

- 1 Values may not sum due to rounding.
- 2 Values for 2019-20, 2020-21, 2021-22 and 2022-23 are shown in real terms and have been adjusted for inflation, using the GDP deflators published alongside the Office for National Statistics Quarterly Accounts for June 2024. These were the latest available deflators as at September 2024.
- 3 The spend shown is actual net spend, except for 2024-25, which is planned net spend.

Source: National Audit Office analysis of Department for Transport, *Annual Report and Accounts 2023-2024*, July 2024



8 Principal risks faced by DfT and its arm's-length bodies in 2023-24

DfT set out the principal risks that it and its arm's-length bodies have been managing in its 2023-24 annual report and accounts. It provided an assessment of whether the severity of these risks increased, decreased or remained the same compared with 2022-23.



Principal risk	Description	Change in severity of risk during 2023-24
Affordability	DfT is not able to afford to deliver all of its priorities for both in-year and the medium to long-term, due to inflationary or other pressures and the constrained fiscal environment.	↑
Projects/ programmes	DfT is not able to deliver its major projects to time or cost or deliver the expected benefits.	↔
Environmental	DfT does not deliver sufficient action in the transport sector to provide carbon savings, meet air quality and biodiversity targets, and mitigate against climate change, as required by law.	↔
People capability and capacity	DfT does not have the capacity and/or capability to deliver its priorities and objectives, with additional effect on the wellbeing of DfT staff.	↓
Border delays/ workforce shortage	Freight, passenger transport and key transport corridors disrupted due to border delays and/or workforce shortages.	↑
Cyber	DfT digital systems become compromised due to a hostile cyber environment and increase in cyber-attacks.	↔
Commercial	Transport systems are unable to function due to a critical market, supplier or supply failure in key network and delivery tools.	↓
Strategy	DfT does not adequately forecast/horizon scan for future changes in the transport system, resulting in ineffective decision making (for instance, demand forecasting, scenarios, or future projects).	↔
Infrastructure health	Failure to maintain the condition of the transport system (infrastructure) to a sufficient level, results in infrastructure degradation and the increased risk of experiencing asset failures causing casualties, negative impacts on the nation's output and impacts upon our ability to maximise opportunities presented by technological advance.	New risk

↑ The severity of the risk has increased compared with 2022-23

↔ The severity of the risk has stayed the same compared with 2022-23

↓ The severity of the risk has decreased compared with 2022-23

Note

1 The Department for Transport also managed risks on 'Security and Resilience' and 'International Crises' and their impact on the transport systems. In the past both these risks were treated as principal risks.

Source: National Audit Office analysis of Department for Transport, *Annual Report and Accounts 2023-2024*, July 2024

9 Performance on improving transport for users

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DfT's metrics for monitoring performance against the departmental priority outcome on 'improving transport for the user' show a mixed picture on performance. These metrics, covering 2022-2025, were agreed as part of the Autumn 2021 Spending Review. They can be considered alongside a wider range of evidence. For example, while one metric shows relatively high user satisfaction from rail passengers, DfT has accepted that the performance of passenger rail services has been unacceptable.

Performance metric	Performance outcome (2022–2025)																				
Rail																					
Percentage of passengers satisfied with their train journey, Great Britain	87% (September 2024) The data we have presented here come from the Rail User Survey a weekly user experience survey run by Transport Focus since September 2021. There has been no overall trend in user satisfaction over the period this survey has been running, with results ranging from 76% to 91%.																				
Percentage of trains running 'on time' (recorded station stops arrived early or less than one minute after the scheduled time), Great Britain	<table border="1"> <thead> <tr> <th>Jan to Mar 2022</th> <th>Apr to Jun 2022</th> <th>Jul to Sep 2022</th> <th>Oct to Dec 2022</th> <th>Jan to Mar 2023</th> <th>Apr to Jun 2023</th> <th>Jul to Sep 2023</th> <th>Oct to Dec 2023</th> <th>Jan to Mar 2024</th> <th>Apr to Jun 2024</th> </tr> </thead> <tbody> <tr> <td>72.5</td> <td>72.6</td> <td>67.7</td> <td>62.3</td> <td>68.2</td> <td>70.7</td> <td>69.2</td> <td>62.2</td> <td>68.3</td> <td>70.1</td> </tr> </tbody> </table>	Jan to Mar 2022	Apr to Jun 2022	Jul to Sep 2022	Oct to Dec 2022	Jan to Mar 2023	Apr to Jun 2023	Jul to Sep 2023	Oct to Dec 2023	Jan to Mar 2024	Apr to Jun 2024	72.5	72.6	67.7	62.3	68.2	70.7	69.2	62.2	68.3	70.1
Jan to Mar 2022	Apr to Jun 2022	Jul to Sep 2022	Oct to Dec 2022	Jan to Mar 2023	Apr to Jun 2023	Jul to Sep 2023	Oct to Dec 2023	Jan to Mar 2024	Apr to Jun 2024												
72.5	72.6	67.7	62.3	68.2	70.7	69.2	62.2	68.3	70.1												
Roads																					
Percentage of users satisfied with their most recent journey on the 'strategic road network', England	67% (2021), 73% (2022), 71% (2023)																				
Percentage of users very or fairly satisfied with their local roads, England	48% (2021), 43% (2022), 34% (2023)																				
Average (mean) delay on strategic roads, England (seconds per vehicle mile)	8.5 (2021), 9.3 (2022), 10.5 (2023)																				
Average (mean) delay on local A roads, England (seconds per vehicle mile)	43.3 (2021), 45.4 (2022), 46.7 (2023)																				
Percentage of local authority roads that should be considered for maintenance, England	The proportion of 'A roads and motorways' and 'B and C roads' has remained at 4% and 6% respectively between 2020-21 and 2022-23.																				
Locally delivered transport																					
Percentage of users satisfied with their most recent bus journey, England	80% of passengers said they were either very or fairly satisfied with their bus journey in 2023, according to the 'Your Bus Journey' survey. Over the period it ran (between September 2021 and September 2023), the first survey that DfT used to measure user satisfaction with buses (the Bus User Survey) reported an average of 86% of passengers were satisfied. The data from the two surveys used over the current spending review period are not comparable because of changes in methodology.																				

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Performance on improving transport for users *continued*

Performance metric	Performance outcome (2022-2025)		
Locally delivered transport <i>continued</i>			
Percentage of non-frequent bus services running on time, England	89.1% (2020-21), 83.9% (2021-22), 79.9% (2022-23) The 2022-23 figure was the lowest since the year ending March 2009.		
Percentage of users satisfied with cycling provision in their local area, England	42% (2021), 34% (2022), 37% (2023)		
Percentage of users satisfied with walking provision in their local area, England	78% (2021), 78% (2022), 69% (2023)		
Other			
Number of people killed or seriously injured in reported road traffic collisions, all road users, Great Britain	27,095 (2021), 29,700 (2022), 29,711 (2023)		
Number of trips per person per year, by disability status	2020	2021	2022
Aged 16-59, with a disability	621	672	781
Aged 16-59, without a disability	809	816	911
Aged 60+, with a disability	544	526	602
Aged 60+, without a disability	787	837	932

Notes

- 1 In its [Outcome Delivery Plan](#), published in July 2021, DfT included a metric for monitoring performance against the departmental priority outcome of 'improving transport for the user' on 'How our work contributes to the delivery of the UN Sustainable Development Goals (SDG)'. The 'Sustainability Report' within DfT's Annual Report and Accounts, 2023-2024, gives details of performance against this metric, although this is too detailed for us to present here.
- 2 The effects of the pandemic and subsequent travel restrictions impacted some figures in 2020 and 2021, and therefore the trends presented – for example, the temporary general reduction in road transport vehicle miles travelled was seen alongside an associated reduction in reported road traffic collisions.
- 3 For bus services, 'on time' is defined as between 1 minute early and 5 minutes 59 seconds late. A frequent service is one that has six or more buses per hour.

Source: National Audit Office analysis of Department for Transport, *Annual Report and Accounts 2023-2024*, July 2024 as well as other publicly available sources (to provide additional and more up-to-date data)



11 Rail transport – major new railway projects

HS2

The High Speed Two (HS2) programme aimed to construct a high-speed, high capacity railway between London and Manchester via Birmingham.

In October 2023, the government announced significant changes to the HS2 programme including the cancellation of Phase 2 and revising delivery and funding of the HS2 station at Euston. Phase 1 would be completed between London and Birmingham, along with a connection to the West Coast Main Line.

Our July 2024 report, [HS2: update following cancellation of Phase 2](#), found the following.

- It would take years to fully close down Phase 2 and dispose of land and property no longer required.
- DfT's plans for resetting Euston station and surrounding wider development were at an early stage; it had not yet decided on its scope, funding or governance.
- DfT and HS2 Ltd have different views on how much it will cost to complete the programme and DfT is not yet clear how it will maximise the benefits of the new scope.
- DfT will not be able to address capacity issues on the West Coast Main Line north of Birmingham through its revised programme scope.

East West Rail

• East West Rail (EWR) is a transport infrastructure project intended to support economic growth and job creation in the region between Oxford and Cambridge, by improving rail connections, adding new stations along the route, and reducing journey times.

• EWR is being delivered in three stages, the first of which (Oxford to Bletchley and Milton Keynes) is expected to run in 2025. The other two stages are still at the planning stage.

• Our December 2023 report, [Investigation into the East West Rail project \(Oxford – Cambridge\)](#), found that it was not yet clear how the benefits of the project will be achieved nor how it aligns with other government plans for growth in the region.

Northern Powerhouse Rail and Transpennine Route Upgrade

• Northern Powerhouse Rail (NPR) is a strategic rail investment programme to enhance connectivity in the North of England. In November 2021, DfT set out the core NPR network between Liverpool and York as part of its *Integrated Rail Plan for the North and the Midlands*. This included new high-speed rail lines as well as upgrades to existing ones.

- The new government committed to improving rail connectivity in the north of England in the July 2024 King's Speech and is repurposing the High Speed Rail (Crewe – Manchester) Bill for rail projects to improve east to west connectivity.
- Phase 1 of NPR is the Transpennine Route Upgrade, which was a programme that had individual projects at different stages of progression when its revised scope was finalised as part of the Integrated Rail Plan. It plans for full electrification of a 76-mile-long route, between Manchester and York via Huddersfield and Leeds, alongside additional track in some sections, new digital signalling and station upgrades. Network Rail is responsible for delivery and construction work which is ongoing at a number of locations.



12 Rail – rail reform and transformation programme

Rail reform

In May 2021, DfT published its [white paper](#) on rail reform, which concluded that the rail system was too complex and too expensive, and too often failed to deliver for both passenger and freight customers. It identified six key issues that needed to be addressed in the way the rail system works.

- Too often loses sight of its customers, both passengers and freight.
- Missing opportunities to meet the needs of the communities it serves.
- Fragmented, and accountabilities are not always clear.
- Lacks clear strategic direction.
- Needs to become more productive and tackle long-term costs.
- Struggles to innovate and adapt.

These were not new problems, and DfT had identified similar issues in earlier reviews.

DfT's white paper set out how the government intended to transform the way the rail system works. This included plans to create Great British Railways (GBR), which would be responsible for running a more integrated rail network, and a wide range of changes intended to get the basics right – running trains on time and making travel straightforward and welcoming to customers.

By October 2021, DfT had set up its rail transformation programme to deliver rail reforms, including setting up a Great British Railways Transition Team to prepare for reform.

Progress with rail reform

Our March 2024 report [Rail reform: the rail transformation programme](#) found that although DfT had identified key problems that needed to be addressed, it had not been able to translate this into a programme it could implement. DfT had committed to a timetable that it had identified as high-risk, reflecting ministerial ambition, but without a clear plan for what it needed to implement, and over time the government's legislative priorities changed. As a result, DfT had made limited progress against its plans, with most of its work and expected savings delayed until at least the new Parliament that was subsequently elected in July 2024.

Changes announced following the general election

In July 2024, the new government included two pieces of legislation in the King's Speech to progress rail reform. These are intended to enable:

- the return of rail franchises back into public ownership as their contracts expire or if operators fail to meet their commitments; and

- the creation of Great British Railways to bring together the management of the network and the delivery of passenger services.

In September 2024, the Secretary of State for Transport also announced that DfT would:

- establish a Shadow Great British Railways to bring together the management of track and train ahead of completing the legislation to create Great British Railways; and
- create a new passenger body, the Passenger Standards Authority, to independently monitor standards and champion improvement in service performance.



13 Road transport – major new road projects and enhancements

Road investment strategies

The strategic road network in England includes over 4,500 miles of motorway and trunk road. It is operated and maintained by National Highways, an executive non-departmental public body sponsored by DfT. National Highways also plans and delivers upgrades to the strategic road network through road enhancement projects. Since 2015, DfT has provided funding for National Highways in five-year periods known as Road Investment Strategies (RIS). The current period (RIS2) will end in March 2025.

RIS2 (2020 to 2025)

In 2020, National Highways set out that RIS2 would invest £27.4 billion in the strategic road network in England. Originally £12.6 billion of that investment would be spent on 69 road enhancement projects, including the Lower Thames Crossing, a tunnel under Stonehenge (A303 Amesbury to Berwick Down), fully dualling the A66 Northern Trans-Pennine and widening the A12 between Chelmsford and the A120. DfT revised this to 58 projects with a budget of £9.2 billion, following the 2021 Spending Review and the pausing of 11 smart motorway projects.

Our November 2022 report [*Road enhancements: progress with the second road investment strategy \(2020 to 2025\)*](#) found that delays to road projects meant they would cost more and take longer to deliver than planned and that National Highways could have done more to plan for and manage the risks arising from the portfolio. This included not anticipating that there would be delays in securing development consent for road projects. Inflation was also much higher than could have been predicted and National Highways had limited options to address cost pressures as it had already allocated all of its contingency.

We reported that National Highways may have to delay work, descope or cancel projects to remain within its overall budget. In July 2024, the Chancellor of the Exchequer announced that, to save money, plans to build the proposed A303 Stonehenge tunnel in Wiltshire and the A27 Arundel bypass would be cancelled. Then, in October 2024, five more projects were cancelled as part of the Autumn Budget.

In July 2024, the Office of Rail and Road (ORR) reported in its annual assessment that National Highways was at risk of not being able to fully deliver the expected benefits of RIS2 for road users and taxpayers, with four of its 12 key performance indicators (KPIs) below target or off track. ORR also reported that funding for 2024-25 had not yet been approved by government, with National Highways forecasting at the end of March 2024 cost pressures of £319 million going into the final year of RIS2.

RIS3

Our November 2022 report found that National Highways and DfT had already committed to £11.5 billion of road projects for after March 2025 and that they needed to ensure they address the issues that contributed to problems during the first two road strategies. We recommended that they review the projects already planned, assess the feasibility and affordability of new enhancements and regularly update the estimated cost of the work during development of its delivery plan.

In May 2023, National Highways set out its proposals for the future of the strategic road network and its priorities for RIS3 in its Strategic Road Network Initial Report. Publication of the draft road investment strategy was delayed due to the general election and, following the 2024 Autumn Budget, is now planned for the next phase of the spending review.



14 Locally delivered transport – local road maintenance

The local road network in England represents 98% of the total road network and is essential to everyday travel. DfT is responsible for providing policy, guidance and funding to local authorities in England to help them maintain their roads. Each local authority is free to decide how best to maintain its roads based on local needs, priorities and funding.

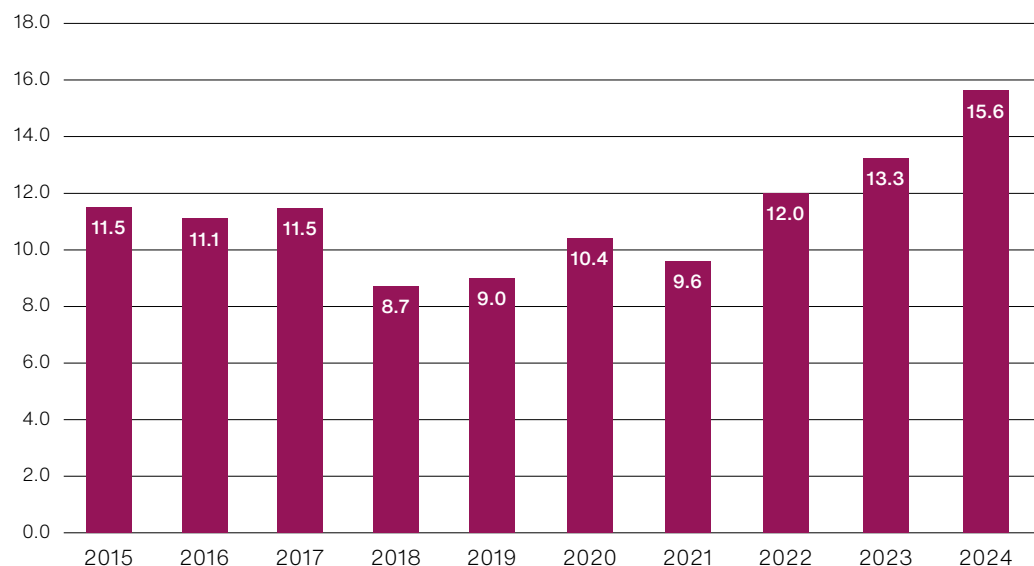
In July 2024 we reported on [The condition and maintenance of local roads in England](#). Our report found the following.

- DfT does not have a good enough understanding of the condition of local roads and does not use the limited data it has to allocate its funding as effectively as possible.
- DfT's limited data show that surface condition has been stable over time, but information from industry bodies and people using the roads suggests that road condition is getting worse.
- Most of DfT's funding for local road maintenance has been short-term and provided through multiple funds. This approach reduces the certainty of funding for local authorities, inhibiting their ability to develop longer-term, more cost-effective maintenance regimes. DfT does not consider the condition of roads or factors that contribute to their deterioration when allocating funding to local authorities.
- The increasing backlog in road maintenance work hinders local authorities in undertaking preventative work that could deliver better value than reactive maintenance once an issue materialises.

Estimates of the local road maintenance backlog, 2015 to 2024

The Asphalt Industry Alliance's data from local authorities show that the maintenance backlog is growing

Maintenance backlog (£bn)



Notes

- 1 Each year the Asphalt Industry Alliance (AIA) commissions an independent survey on road condition and maintenance from local authorities in England and Wales. This figure presents data for England, including London.
- 2 AIA extrapolates the data it receives from local authorities to represent all local authorities in England, including London. Between 2015 and 2024, the percentage of authorities responding to the survey ranged from 53% to 81% in England, and 41% to 72% for London.
- 3 The backlog relates solely to the carriageway itself – the road condition and structure. It excludes other structures such as bridges and street lighting.

Source: National Audit Office analysis of Asphalt Industry Alliance information

15 Locally delivered transport – buses and active travel

Buses

Bus services support millions of essential daily trips and for many people provide the only practical, frequently used method of transport, other than walking. Despite this, services have been declining across England for a long time. DfT is not accountable for delivering bus services, but it has national policy responsibility. The previous government planned to reform bus services to make them more frequent, reliable, better coordinated, and cheaper for the public through the 2021 [Bus Back Better: National Bus Strategy for England](#).



In April 2022, DfT awarded more than £1 billion of indicative funding to 34 local transport authorities to fund improvements. It announced further funding for bus services in May 2023 (£300 million covering July 2023 to April 2025) and in October 2023 (£1 billion of funding for bus improvements in the North and Midlands following the cancellation of HS2 Phase 2). DfT also provides:

- additional funding to cover the costs of a national £2 bus fare cap that was first introduced in January 2023 and which was extended in October 2023 until December 2024. In October 2024, a new single fare cap of £3 was announced, which will run from 1 January 2025 through to the end of December 2025; and
- grants to operators to help them recover some of their fuel costs and subsidises the purchase of zero-emission buses and associated infrastructure.

In the July 2024 King's Speech, the new government included proposals for a Better Buses Bill which is intended to reduce barriers for local transport authorities to pursue franchising and lift the restriction on the creation of new local authority-owned bus companies. Existing powers allow mayoral combined authorities to pursue franchising. Greater Manchester became the first (outside London) to launch franchised services in September 2023. Other combined authorities such as Liverpool and West Yorkshire are taking active steps towards franchising.

Active travel in England

Active travel describes everyday journeys made by walking, wheeling, or cycling. The government believes active travel has the potential to support its wider strategic priorities to increase physical activity, tackle obesity, improve air quality, level up, and achieve net zero carbon emissions by 2050. DfT provides funding to local authorities who decide the best mix of local interventions, such as cycle lanes, pedestrian crossings, and behavioural measures.

In 2023 we reported on [Active Travel in England](#). We found that DfT had raised its ambition for active travel in England, but it was unlikely to achieve all of its objectives for increasing active travel by 2025 and that negative perceptions about safety remain a barrier to participation.

DfT estimates that the government could spend £6.6 billion on active travel between 2016 and 2025, although we found that only £1.4 billion is dedicated funding for active travel.

In 2022, DfT established Active Travel England to address long-standing issues with the standard of infrastructure and to improve the capability of local authorities. We found that the body had made good early progress and is well placed to address many of the issues that can lead to poor-quality active travel schemes.

16 Transport and the environment

Since 2016, transport has been the largest emitting sector of greenhouse gases in the UK, with most emissions coming from road transport. In 2023, domestic transport accounted for 29% of all UK emissions. Between 1990 and 2023, transport-related emissions reduced by just 14%, the lowest of any sector. The environmental impacts of transport also go beyond greenhouse gas emissions, for example affecting air quality and biodiversity, and transport infrastructure is vulnerable to extreme weather events that are exacerbated by climate change.

In July 2021, DfT published [Decarbonising Transport: A Better, Greener Britain](#), its plan to achieve net zero emissions in the transport sector by 2050, as part of the government's wider [25 Year Environment Plan](#). DfT's vision was to promote active and public transport; establish the UK as a hub for green transport technology and innovation; decarbonise road transport; have place-based solutions to emissions reduction; decarbonise how we get our goods; and reduce carbon in a global economy.

Electric vehicle and charging infrastructure

Electric vehicles are a key component of how the government plans to reduce road vehicle emissions.

In February 2021, we reported on progress in [Reducing carbon emissions from cars](#).

We concluded that the 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 [Taking Charge: the electric vehicle infrastructure strategy](#), which set out its plan for the rollout of charging infrastructure ahead of its planned phasing-out of petrol and diesel vehicles (ending sales of new vehicles by 2030). In March 2023 DfT committed nearly £400 million to accelerate electric vehicle charging infrastructure rollout. However, in September 2023, the Prime Minister announced that the target to phase out the sale of petrol and diesel cars would be delayed, from 2030 to 2035. The House of Lords Environment and Climate Change Committee [raised concerns](#) in February 2024 that there was an insufficient sense of urgency to meet the scale of the challenge, with progress on public charging infrastructure highly variable across the UK. In September 2024, the new government committed to phasing out new cars that rely solely on internal combustion engines by 2030 and that from 2035 all new cars and vans sold in the UK would be zero emission.

Separately, DfT awarded up to £420 million of funding to local transport authorities over the period 2021-22 to 2024-25 to subsidise the purchase of zero-emission buses and associated infrastructure.

Rail electrification

As part of the 2050 net zero commitment, DfT's target is to remove all diesel-only trains from the network by 2040. Network Rail analysis of replacement technology concluded that, for 85% of unelectrified lines in Great Britain, the best technology would be electrifying the network.

However, there has been very limited progress in electrifying existing lines with the proportion of total railway electrified in Great Britain remaining at 38% since 2019. New lines are also not necessarily being electrified. For example, DfT has not yet decided how to power trains on the new East West Rail route. Diesel-powered trains will run as an interim measure when the first section of the route opens.

Decarbonising aviation

The government expects aviation to be one of the most difficult sectors to decarbonise. The previous government's plans for delivering net zero aviation were set out in the [Jet Zero strategy](#), published in 2022. In this plan, it expected technological measures, such as increasing fuel efficiency and the adoption of sustainable aviation fuels, to reduce emissions.

Section 16:

Transport and the environment *continued*

In April 2024, the Environmental Audit Committee [called on the government to monitor the industry's progress](#), and to reassess its approach if the 2050 net zero trajectory is not being met. It recommended bringing forward the first review of the Jet Zero strategy from 2027 to 2025 to ensure the sector remains on track. In its [response](#), the previous government did not rule out measures designed to reduce demand for flights if they become necessary. The new government announced new sustainable aviation fuel initiatives in July 2024.

Decarbonising the maritime sector

In 2019, the government published its [Clean Maritime Plan](#), which set out its vision for the UK's transition to zero emission shipping. DfT intended to review and refresh this plan in 2022 but has not yet done so. Both the [Transport Select Committee](#) in March 2023 and the [Environmental Audit Committee](#) in May 2024 called for an updated and more focused plan.

Air quality

The UK has legal air quality limits for major pollutants, including nitrogen oxide (NO₂). Transport is a major contributor of NO₂ pollution and there have been longstanding breaches of NO₂ levels in the UK. Our June 2022 report [Tackling local breaches of air quality](#) found that the government had made some progress in tackling NO₂ pollution, but slower than expected.

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.

Our December 2023 cross-government report [Government resilience: extreme weather](#) examined how well prepared the country is for future extreme weather events such as heatwaves and storms. We identified disruption to transport networks as a common type of impact with implications for those responsible for maintaining transport network resilience.

In April 2024, DfT published [a draft strategy](#) for consultation aimed at enhancing climate adaptation planning across the transport sector, and ensuring plans are delivered that lead to improved climate resilience in the transport system. DfT acknowledged that plans to adapt transport infrastructure were not consistent across the sector and were not being translated into action at sufficient pace. For example, Network Rail expects that it will become increasingly challenging to keep pace with the frequency and intensity of extreme weather events. Although it will be investing £2.8 billion on activities to improve the rail network's resilience as part of its next five-year plan of works (April 2024 to March 2029), it has also had to reduce the level of planned rail asset renewals to manage its funding settlement for this period.



17 What to look out for

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Rail reform and passenger service performance

Our March 2024 report [Rail reform: the rail transformation programme](#) found DfT had made limited progress against its May 2021 plans for rail reform, with most of its work and expected savings delayed until at least the next Parliament. Since then, the new government has committed to progressing with rail reform, including introducing new legislation.

Look out for:

- a revised Rail Sector Transformation programme, including Shadow Great British Railways bringing together the management of the network and the delivery of passenger services, and a new Passenger Standards Authority; and
- more train operating companies coming into public ownership as contracts end or are terminated if operators fail to meet their commitments.

HS2 reset

In October 2023, the government announced significant changes to the HS2 programme including the cancellation of Phase 2 and revising delivery and funding of the HS2 station at Euston. We reported on progress following the decisions in our July 2024 report [HS2: update following cancellation of Phase 2](#).

Look out for:

- revised costs and business case for HS2; and
- DfT decisions at Euston including how it will fund, deliver and govern the works at the site in the long term.

Affordability and composition of transport project portfolio

DfT has one of the largest major projects portfolios in government but, as we have reported on HS2 and the road investment portfolio, there are significant cost pressures that DfT need to manage. The Secretary of State for Transport also announced a review of DfT's capital spend portfolio in July 2024.

Look out for:

- the outcome of the Secretary of State's commissioned review on DfT's capital spend portfolio, which may result in changes to the major project portfolio;
- major projects that will form part of DfT's strategy for rail connectivity in the north of England; and
- major projects included in DfT's Road Investment Strategy 3.

Bus reform

As part of bus reforms, DfT has been 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, towards franchising.

In the July 2024 King's Speech, the new government included proposals for a Better Buses Bill which is intended to extend and simplify powers to local leaders to franchise local bus services and lift the restriction on the creation of new publicly owned bus operators.

Look out for:

- the expansion of bus franchising powers through the Better Buses Bill to local authorities.

Progress in achieving decarbonisation targets

There has been mixed progress across the transport sector to meet the government's net zero targets, and concerns have been raised by Parliament and across the sector about the pace of delivery that is needed to succeed.

Look out for:

- the NAO report on the electric vehicle infrastructure strategy, scheduled to publish in Winter 2024/25.

18 More information about our work on DfT

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HS2: update following cancellation of Phase 2

July 2024

As soon as the government announced plans to cancel Phase 2, DfT and HS2 Ltd started work to understand and respond to immediate risks to value for money. They established what decisions were needed on the scope of Phase 1 to minimise unnecessary costs and established plans to decommission Phase 2 sites.

While HS2 is now a smaller programme, it remains by any measure an extremely large and complex endeavour, and DfT and HS2 Ltd need to reset the programme successfully to avoid repeating past failures and maximise its value.

The condition and maintenance of local roads in England

July 2024

Local roads are a vital part of local transport infrastructure, used every day by millions of people. Despite the importance of local roads, their condition is declining, and the backlog to return them to a good state of repair is increasing.

At present DfT does not have a good enough understanding of the condition of local roads and does not use the

limited data it does have to allocate its funding as effectively as possible. It does not know whether the funds it allocates are delivering improvements in road condition, and has not updated its guidance to local authorities, to share good practice and help them make the most of their limited funds, for some years.

Rail reform: the rail transformation programme

March 2024

The rail sector's performance for passengers and the taxpayer was not good enough and had not been for some time. DfT had identified key problems that need to be addressed but had not been able to translate this into a programme it could implement.

With key parts of reform paused until the new parliament, long-standing issues on the railway remained, such as its financial stability and affordability, culture, and the service provided for passengers.

Investigation into the East West Rail project (Oxford-Cambridge)

December 2023

East West Rail represents a £5.7 billion to £6.6 billion investment (depending on final scope) to support growth in a part of the UK that the government regards as economically important, but it is not yet clear how the benefits of the project will be achieved nor how it aligns to other government plans for growth in the region. As with many transport projects, the rationale for East West Rail does not rest on the strength of the benefit-cost ratio for

the project alone – which is poor – but on its wider strategic aim of overcoming constraints to economic growth in the Oxford-Cambridge region.

This rationale has underpinned DfT's decisions to approve and continue with the project to date. However, achieving the necessary value from the government's investment in East West Rail will require stronger strategic alignment across government.