

Annual Report 2006



This document is part of a series of Departmental Reports (Cm 6811 to Cm 6838) which, along with the Main Estimates 2006-07, the document Public Expenditure Statistical Analyses 2006 and the Supplementary Budgetary Information 2006-07, present the government's expenditure plans for 2005 to 2008.



Department for Transport

Annual Report 2006

Presented to Parliament by the
Secretary of State for Transport,
and the Chief Secretary to the Treasury
by Command of Her Majesty
May 2006

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INTRODUCTION AND STRUCTURE

This report tells Parliament how the Department for Transport has spent its money and what it plans to do in the future. It describes our policies and programmes and outlines what we propose to fund in 2005-06. The figures contained within this report are unaudited and subject to change.

CHAPTER 1: THE YEAR IN BRIEF

This chapter lists the Department's key activities and achievements over the past 12 months.

CHAPTER 2: THE RESPONSIBILITIES AND ORGANISATION OF THE DEPARTMENT

This chapter describes the structure and functions of the Department and the role of executive agencies and non-departmental public bodies.

CHAPTERS 3-12: THE DEPARTMENT'S MAIN ACTIVITIES

These chapters set out the Department's programmes for each of the main spending areas following the structure of the White Paper *The Future of Transport: a network for 2030*, with an outline of current activities and future plans.

APPENDICES

Appendix A: Public expenditure core tables.

There is a direct read-across between these tables and the Main Estimates 2005-06 published by HM Treasury.

Appendix B: Recruitment and public appointment tables.

Public appointments and recruitment information.

Numbers of senior civil service staff by pay band.

Strategic annual public appointments.

Appendix C: Press, publicity, advertising and sponsorship

Appendix D: Public Service Agreement targets

Appendix E: Public Accounts Committee recommendations

Appendix F: Better Regulation

Appendix G: European Union

Appendix H: Ministers, the Board and committees

OTHER KEY POLICY DOCUMENTS

The documents listed in this section set out the Department's commitments to delivering results and achieving best value for money. They are a complement to this report.

The Spending Review 2004

The Government's Spending Review 2004 *New Public Spending Plans 2005-2008* (Cm 6237) was published in July 2004. It takes forward the Government's objective of a strong economy and a fair society with stability, security and opportunity for all. It sets out spending plans for the next three years and the further improvements in public services that are planned.

The Public Service Agreement

As part of the comprehensive spending review in 1998, each department entered into a Public Service Agreement (PSA). This identified its aims and objectives and the targets it was committed to achieve with the resources available to it during the three financial years from April 1999. Revised PSAs were agreed in subsequent Spending Reviews in 2000, 2002 and 2004. A new PSA for the period 2005-08 arising from the Spending Review 2004 came into effect from April 2005. This report describes the Department's performance against the targets in both PSAs. See Appendix D for more details.

The Future of Transport: a network for 2030

This White Paper (Cm 6234) looks at the factors that will shape travel and our transport networks over the next 30 years. It sets out how the Government will respond to those pressures, safeguarding our economic and social well-being and our environment. The White Paper builds on the progress that has already been made since the implementation of the 10 Year Plan for transport.

The Departmental Investment Strategy

This is a summary of the Department's Investment Strategy published in May 2005. It sets out investment plans for the period covered by the Spending Review 2004 (2005 to 2008).

10 Year Plan

The Department published the 10 Year Plan, *Transport 2010: The 10 Year Plan*, in 2000. In December 2002 the Department published a report on progress towards delivery of the plan, *Delivering Better Transport: Progress Report*. This set out what was achieved in the first 18 months from April 2001 when the Plan came into effect and identified the key improvements expected over the next few years.

Rail White Paper

The White Paper *The Future of Rail* (Cm 6233), published in July 2004, sets out a blueprint for a new streamlined structure for Britain's railways. This will provide a single point of accountability for the network's performance, allow closer working between track and train, and provide for greater devolved decision making. Together the changes will ensure that the structure of the railways is fit to deliver the improvements that the public expect.

Air Transport White Paper

The White Paper *The Future of Air Transport* (Cm 6046), published in December 2003, sets out a strategic framework for the development of airport capacity in the United Kingdom over the next 30 years, against the wider context of the air transport sector.

Index to information about PSA targets and other objectives for the period 2005-06

| PSA targets | Chapter |
|--|--|
| By 2007-08, make journeys more reliable on the strategic road network | Chapter 4 – Roads |
| By 2010-11, the 10 largest urban areas will meet the congestion targets set in their Local Transport Plan relating to movement on main roads into city centres | Chapter 4 – Roads |
| Improve punctuality and reliability of rail services to at least 85 per cent by 2006, with further improvements by 2008 | Chapter 5 – Rail |
| By 2010, increase the use of public transport (bus and light rail) by more than 12 per cent in England compared with 2000 levels, with growth in every region | Chapter 6 – Buses Chapter 7 – Making choices locally and regionally |
| Reduce the number of people killed or seriously injured in Great Britain in road accidents by 40 per cent, and the number of children killed or seriously injured by 50 per cent by 2010 compared with the average for 1994-98, tackling the significantly higher incidence in disadvantaged communities | Chapter 11 – Safety and security |

Index to information about PSA targets and other objectives for the period 2005-06 (continued)

| PSA targets | Chapter |
|---|--|
| Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide particles, sulphur dioxide, benzene and 1,3 butadiene. (Joint target with Defra) | Chapter 10 – Protecting the environment |
| Reduce greenhouse gas emissions to 12.5 per cent below 1990 levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. (Joint target with Defra and DTI) | Chapter 10 – Protecting the environment |
| Financial information split by PSA objective | Appendix A |
| Progress and performance reports PSA targets | Appendix D |

Chapter 1

The year in brief: our key achievements 2005-06

- 1.1 This chapter covers major events in transport and the Department's activities and achievements during the year ended March 2006. There are more details in later chapters.

Sustained investment

- On 14 December 2005, the 2006-07 Local Transport Plan settlement was announced. The £1.4 billion packages will help local authorities to continue to invest in the transport schemes needed to support their growing economies. Local authorities have completed eight major local road schemes in the last 12 months. A further 22 schemes are currently under construction.
- Work is underway on the Transport Innovation Fund which will become available from 2008-09. The Fund is forecast to grow from £290 million in 2008-09 to over £2 billion by 2014-15.
- Over 700 new rail vehicles came into service during 2005, continuing the biggest rolling stock replacement programme ever seen in the country. This takes the total number of new vehicles to have entered service since 1999 to over 4,000. As part of this, the replacement of 2000 Mark 1 slam door rail vehicles was completed in November 2005. Closely related to Mark 1 replacement was the £600 million project to upgrade the power supply across affected routes.
- Substantial progress has been made on the £7.6 billion upgrading of the West Coast Main Line. The 125 mph railway has reached Liverpool and Preston and the whole route up to Glasgow is now modernised with the capability of running faster trains.
- Between 2005 and 2008 the Highways Agency is investing over £2 billion in its Targeted Programme of Improvements (TPI) comprising 80 major road schemes on the strategic road network, each costing over £5 million, funded directly or through private finance. Eight major TPI schemes were completed during 2005-06, bringing to 36 the total of strategic road schemes completed since

2001. Fifteen major schemes are currently under construction, seven of which have commenced since April 2005. The Agency also has an ongoing programme of over 90 smaller road improvement schemes, the majority costing under £5 million per scheme. The Agency expects to address at least 60 of these by April 2008.

- The widening of the western section of the M25 near Heathrow Airport was completed in December 2005, ahead of schedule.
- The Government is making £600 million available in 2006 to help local authorities modernise and update their local roads and eliminate maintenance backlogs. Local authorities will be able to bid for Private Finance Initiative (PFI) funding for their projects.

Improvements in transport management

- Highways Agency traffic officers became fully or partly operational in all regions during 2005-06, dealing with specific incidents and helping maintain traffic flow on the strategic network.
- The West Midlands Regional Control Centre opened in April 2005, and was followed by the start of the service in the South East in August 2005, the North West and North East in September, the East in October, the South West in December, and the East Midlands in February 2006.
- As part of the innovative Active Traffic Management scheme on the M42 near Birmingham, three-lane advisory speed signals began operation in June 2005, and mandatory variable speed limits were introduced in November.
- In January 2006 work began on the first phase of a £6 million project to introduce motorway access management measures (or “ramp metering”) on junction slip roads at 30 locations across the country. Access management will begin operating at ten locations on the M6, M60 and M62 motorways in the North West during the spring.
- New Public Service Agreement (PSA) targets were published in July 2005 for tackling congestion on the strategic road network and on selected principal roads operated by local authorities in the 10 largest urban areas. Local authorities will publish quantified

congestion targets, based on new data sources, during summer 2006. Local authority traffic managers will consolidate the new traffic management duties conferred by the Traffic Management Act 2004.

- In the 12-month period to the end of September 2005, deaths and serious injuries were 33 per cent below the 1994-98 baseline, over three quarters of the way to the 40 per cent target set for 2010. Child deaths and serious injuries, to the end June 2005, were 47 per cent below baseline, almost meeting the child target for 2010.
- The long-awaited roll-out of MOT Computerisation has been completed marking the first significant change to the way MOT tests are administered since its introduction 40 years ago. The availability of electronic MOT records has paved the way for all customers to renew their road tax on line.
- To ensure more effective management of the performance of the rail network as a whole, Network Rail was established as the single point of responsibility for industry performance in April 2005.
- Performance continues to improve across the rail industry, with increases in punctuality and reliability in all sectors, especially for London and South East operators. The PSA target to improve punctuality and reliability to at least 85 per cent by 2006, with further improvements by 2008, was met during the year. We expect performance to have improved further, to 88 per cent, by March 2008.
- At the same time, more rail passengers than ever before are satisfied with their overall journey. Passenger Focus, the body responsible for the National Passenger Survey, reported that 80 per cent of passengers were satisfied with their journey in autumn 2005. Rail performance is back at pre-Hatfield levels.
- The Rail Accident Investigation Branch has been established to investigate rail accidents and commenced operations in the UK mainland in October 2005.
- More and more people are using the light rail systems. The biggest increases were on London's Docklands Light Railway (DLR) and Croydon Tramlink. The DLR now carries 50 million passengers a year and anticipates 80 million passengers a year by 2009. The

extension to North Woolwich via London City airport opened in December 2005 and construction of the extension to Woolwich Arsenal started in June 2005. Nottingham Express Transit patronage also continues to grow and 30 per cent of passengers have transferred directly from their car or are using park and ride sites.

Planning for the long term

- Sir Rod Eddington, the former chief executive of British Airways, has been asked to advise the Department on the longer-term impact of transport decisions on the UK's productivity, stability and growth. The Transport Innovation Fund (TIF) will also enable us to provide additional funding for schemes improving national productivity over the medium to long term.
- The Department is making progress on considering how road pricing could be progressively introduced to help manage the road network and reduce congestion. It is continuing to lead the debate on national road pricing, whilst working alongside forward looking authorities and areas to develop at least one major pilot in the next five years. This will be backed up with TIF funding from 2008-09, and £7 million of pump-priming funding was allocated in November to support seven local areas in the development of their plans.
- As part of work to give regions an enhanced input into Government policy development and public spending decisions, new arrangements were announced in July 2005 to seek regional advice on long-term spending priorities within an indicative allocation covering transport, housing and economic development. Advice on priorities was received in January 2006 which we are now carefully considering and aim to be in a position to respond to it later this year.
- The Highways Agency (HA) plans to start construction on 27 major new road schemes by April 2008.
- HA traffic officers will take on more of the motorway management functions previously carried out by the police, including removing abandoned, damaged and broken down vehicles; providing rolling roadblocks and temporary road closures; clearing debris; escorting

abnormal loads; and monitoring road works. Full handover of functions is scheduled for the spring of 2007. The time freed up will allow the police to focus on tackling criminality on the roads.

- The Department began intensive work to follow up the White Paper *The Future of Air Transport*, published in December 2003, which set out a strategic framework for the sustainable development of airport capacity in the UK over the next 30 years. The Department aims to report formally on the progress made on the policies and proposals set out in the Air Transport White Paper, by the end of 2006.
- In October 2006, new night restrictions for Heathrow, Gatwick and Stansted will come into effect, to apply for six years. Following a two-stage consultation process which began in 2004 and continued in 2005, an announcement is expected shortly.
- The Government aims to maintain and improve the effectiveness of the railway while streamlining the industry's structure. When the changes proposed in the Rail White Paper have been fully carried through, a new, simpler and more streamlined industry structure will be in place, built on the principle of public and private partnership and recognising rail's status as a public service, specified by the Government and delivered by the private sector.
- Network Rail has published a number of Route Utilisation Strategies over the last year and work is underway on a Rail Strategy White Paper which will incorporate the High Level Output Specification, specifying what the Government wants the rail industry to deliver over the five years to 2014.
- In January 2006 the Port Services Directive proposal was overwhelmingly rejected by the EU Parliament. We will work with the Commission as it reviews what form any regulation of the EU ports sector should now take. Final consent was given in March 2006 for the container port development at Bathside Bay, Harwich, and we hope to complete the consideration of the outstanding application for major port development at London Gateway as soon as possible. Following the commitment in *The Future of Transport*, we are about to review our policy framework for ports as a whole in order to ensure that we continue to have the right basis for their sustainable development.

- To support sustainable transport, the feasibility study into a possible renewable transport fuel obligation (RTFO) was completed and the Government has announced that it will be introduced. This will require the major oil companies to ensure that 5 per cent of their fuel sales are from renewable sources by 2010.

European Union

- The Department played a full part in the UK Presidency of the EU from 1 July to 31 December 2005. During these six months the EU took further steps towards the development of efficient and competitive transport markets to encourage the free movement of goods and people, and adopted measures to protect the rights and safety of passengers.
- As President of the EU Ministerial Transport Council, the Secretary of State chaired meetings of the Council in Luxembourg in October and in Brussels in December. He and other DfT Ministers represented the EU Member States in meetings with the European Parliament, the European Commission and with a number of non-EU countries, including the United States and Russia. The Minister of State co-chaired a Ministerial conference on road safety in Verona and the Euro-Med conference of Transport Ministers in Marrakesh, Morocco.

Chapter 2

The responsibilities and organisation of the Department

- 2.1 This chapter sets out the Department's aims, strategy and objectives. It explains the Department's responsibilities and structure and how we work with others to deliver.
- 2.2 The Department retains UK policy responsibility for a number of functions which relate to Scotland, Wales and Northern Ireland. In all three areas it is generally responsible for aviation and shipping. In other policy matters the position varies. For example, the Department's responsibilities extend to Wales and Scotland for rail safety and for some aspects of road traffic regulation such as vehicle licensing.

Aims

- 2.3 Our aim continues to be transport that works for everyone – a sustainable transport system that provides a safe, reliable and accessible service for all its users whilst supporting economic growth, social inclusion and the Government's objectives on the environment. To achieve these aims, we need to tackle congestion, support the economy, reduce casualties, respect the environment and improve accessibility.
- 2.4 This involves taking a long-term perspective on the challenges facing the country's transport systems. It means meeting the needs of growing demand and a growing economy through carefully targeted increases in capacity and through better management of existing infrastructure, and exploring the scope for greater use of pricing mechanisms. It also means actively engaging in tackling climate change and other environmental challenges in collaboration with other sectors of the economy.
- 2.5 We also aim to continue to enhance our understanding of these longer terms issues and opportunities relating to the transport network. For example, in order to better understand the relationship between transport and economic growth, Sir Rod Eddington, the former Chief Executive of British Airways, has been asked to advise on the longer-

term impact of transport decisions on the UK's productivity, stability and growth. The review of the Climate Change Policy Review, has been looking afresh at the effectiveness of policies across all sectors, including the transport sector. These will feed into our future strategic thinking.

The strategy

2.6 Our strategy is set out in *The Future of Transport: a network for 2030*. This sets out our understanding of the factors that will shape transport over the next 30 years and how we will respond to those challenges. The strategy is built around three key themes of sustainable investment, better management and planning for the longer term. In each of these areas considerable progress has been made since the previous annual report was published.

- **Sustained investment:** The Department remains committed to the funding profile set out in the White Paper. This includes total public spending by DfT of over £37 billion for 2005-06 and the following two years. Further guidance and pump-priming support has been provided to take forward the Transport Innovation Fund (TIF). The TIF will provide almost £10 billion of funding aimed at cutting congestion and improving productivity starting in 2008-09.
- **Improvements in transport management:** The streamlining of the rail industry is substantially complete following the enactment of the Railways Act 2005. The functions of the Strategic Rail Authority have largely transferred to successor bodies, and commencement of other provisions will continue into 2006. Network Rail was established as the single point of responsibility for industry performance on 4 April 2005 to ensure more effective management of the performance of the rail network as a whole. Traffic officers and Regional Control Centres are now operational throughout the country, keeping traffic moving across the motorway network. The new Renewable Transport Fuels Obligation is one of a number of measures to minimise the environmental impact of transport growth.
- **Planning for the long term:** In autumn 2005, pump-priming support was awarded to a number of local authorities who are actively considering innovative ways to tackle congestion as the

Department leads the debate on road pricing. Network Rail has published a number of Route Utilisation Strategies over the last year and work is underway on the High Level Output Statement which will specify what the Government wants the rail industry to deliver over the five years to 2014. In January, regional bodies provided Government with advice on transport investment priorities in their area. Following up the commitment made in *The Future of Transport*, we are undertaking a review of ports policy

Key objectives

To deliver our strategy, the Department has a set of objectives and targets.

Public Service Agreement

- 2.7 Public Service Agreements (PSAs) link the allocation of public expenditure to published targets with the aim of delivering modern, responsive public services. PSA targets are set for services or outcomes which the Government sees as key national priorities. They express the outcomes sought by the Government, defining clear, long term goals to provide ambition and a sense of direction, as well as representing a contract between the public and Government.
- 2.8 The Department's PSA targets for the period 2005-2008 are set out in the framework of aims and objectives published in the Spending Review 2004 and which came into effect in April 2005. The coverage of these targets is broadly the same as the previous targets set in the Spending Review 2002, with the addition of one new target on climate change. Following the transfer of responsibility for London Underground Limited (LUL) to the Mayor of London, a PSA target was not retained for LUL. However, performance of LUL will continue to be monitored against the six performance indicators agreed with the Mayor, five of which become incrementally more challenging until 2010. The efficiency target, which was a PSA target prior to April 2005, will also be monitored.
- 2.9 Appendix D of this report provides detailed information on these targets, the performance indicators used to measure progress and performance against targets based on the most recently available data. In addition, each chapter of the report makes clear where the activities contributed to the delivery of PSA targets.

2.10 PSA targets are used sparingly and do not cover the full range of the Department's responsibilities, which take in other important areas of transport. Objectives relating to the full range of the Department's business, including PSA targets, were published in its business plan *Delivering Better Transport: Priorities for 2005-06 to 2007-08*.

Partnerships

2.11 The Department achieves many of its objectives by working in partnership with a wide range of public and private sector bodies. The nature of the partnerships varies widely, as does the level of direct control by the Department. It funds some services through delivery partners such as Network Rail and with local authorities. In other areas, such as aviation and logistics, where most of the funding comes from the private sector, the Department's role is more like that of a stakeholder.

2.12 The Department also works closely with many other Government departments and agencies to ensure that our transport policies reflect and contribute to wider Government objectives. Examples include:

- working with the Department for Environment, Food and Rural Affairs (Defra) on our shared air quality and climate change PSA targets, and contributing to the delivery of the wider climate change and sustainability agendas;
- working with the Department of Trade and Industry (DTI) on our shared climate change PSA target;
- working with the Office of the Deputy Prime Minister (ODPM) on the development of their Sustainable Communities Plan, and with the Social Exclusion Unit on links between transport and social exclusion;
- working with the Department of Health, through the Aviation Health Working Group, to tackle issues of common interest on the welfare of air passengers, including research on air-travel-related deep vein thrombosis and cabin air quality;
- working with the Department for Education and Skills (DfES) and the Department of Health to find ways of reversing the rapid rise in the number of children travelling to school by car, to improve child

road safety, and to highlight the links between sustainable travel and health;

- working with the Home Office, police and local authorities to tackle vehicle-related criminal and antisocial behaviour; and
- the Department is continuing to work with other key Government departments to implement the 37 cross-Government policies contained in the Social Exclusion Unit's 2003 report *Making the Connections: Transport and Social Exclusion*. Almost all the policies have now been implemented.

2.13 The Department has produced a strategy and action plan for working in partnership with the voluntary and community sectors which sets out how the Department aims to meet the aims of the 1998 Compact between the Government and the voluntary sector.

Evidence and research strategies

2.14 We have published a new draft Department-wide Evidence and Research Strategy covering a whole range of economic, technological, social and environmental factors. Through this strategy, we are striving for a more integrated evidence base, acknowledging all sources of evidence monitoring and data collection analysis, policy evaluation and commissioned research, and ensuring quality by adopting best practice. This strategy sets out what we currently understand our evidence needs are for the next three years and beyond, as well as the areas and activities we plan to develop. The high-level strategy will be developed to assist 30-year planning and integration with medium-term and business planning. It can be viewed at www.dft.gov.uk/ers.

2.15 Our more immediate evidence needs have been assessed against broad policy themes – reducing congestion, improving accessibility and public transport, reducing environmental impact, improving safety and security and supporting the economy. Through these themes, we are better able to review evidence gaps, priorities, dependencies and possible duplication.

2.16 The management of evidence and research funded by the Department is largely devolved to the policy units and agencies responsible for delivery of our objectives. The Departmental Strategy will be supplemented by more detailed Unit (and agency) strategies, currently under development, which will be published in 2006.

Evidence and research quality framework

- 2.17 The Department's strategy will be informed by regular assessments of evidence needs by the DfT Board through its strategic planning cycle. It will help ensure that evidence and research is aligned with our longer-term goals as well as immediate policy objectives. It will also provide background for the Unit evidence and research strategies which set out in more detail the evidence requirements of our programme and delivery plans.
- 2.18 Unit-level strategies will be assessed by the Chief Scientific Adviser and Chief Economist as part of an annual process to develop, scrutinise and approve research programmes. To assist development and scrutiny, we have developed an evidence and research quality framework to put in place a range of standards to ensure the quality of evidence and research management across the Department. More on this subject can be found at: www.dft.gov.uk/ers

How the Department is organised

- 2.19 The role of the centre of the Department is to set strategy and policy, and to establish and manage relationships with the organisations that are responsible for service delivery. The centre is structured to reflect this role, with a strong central strategy, delivery, communications and finance group.
- 2.20 The Department's Board is also designed to support service delivery. The Board maintains regular oversight of progress against the full range of commitments in the Department's business plan, allowing it to take decisions on issues or risks arising which threaten delivery of these commitments. Members include the Chief Executive of the Highways Agency (HA) and the Director General of the Driver and Vehicle Operator (DVO) Group, as well as the directors general of the following key areas:
- the Rail Group;
 - the Delivery and Security Group; and
 - Road Transport, Aviation and Shipping group

The role and work of these Groups are explained in more detail in the

chapters throughout the rest of this report and a list of Ministers, Board members and information on the committees of the Board are shown in Appendix H.

The role of executive agencies

2.21 Much of the Department's work is delivered through our seven executive agencies. These are:

- the Highways Agency (HA);
- the Maritime and Coastguard Agency (MCA);
- the four agencies which form the Driver Vehicle and Operator (DVO) Group – the Driving Standards Agency (DSA), the Driver and Vehicle Licensing Agency (DVLA), Vehicle Certification Agency (VCA) and the Vehicle, Operator Services Agency (VOSA); and
- the Government Car and Despatch Agency (GCDA).

2.22 The agencies make a major contribution to meeting the Department's objectives. They employ some 90 per cent of our staff and are the point of contact with the Department for most members of the public. Chief Executives are accountable for the performance of their agencies and each agency is required to publish its own business plan and annual report.

The Driver, Vehicle and Operator (DVO) Group

2.23 The DVO Group aims to ***promote safe and secure drivers and vehicles*** on our roads. It has four agencies (DSA, DVLA, VCA and VOSA) and a small Strategy and Resources Directorate, and was established in its present form in 2003 to promote closer collaboration between its agencies and to develop modernised and joined-up services across those agencies. The DVO financial regime is based primarily on the Trading Fund model with DSA, DVLA and VOSA formally designated as Trading Funds, and VCA operating fully as a commercial operation. This arrangement means that the agencies are not financed directly by taxpayers. Instead their operating costs and the funding needed for investment are largely sourced from customers in the form of fees and charges or from activities undertaken commercially.

- 2.24 The benefit of moving to Trading Fund status comes in two forms. The relative financial autonomy enables a more flexible and fast-moving organisation. At the same time, the increased financial responsibility promotes a commercial culture and a greater discipline which can generate greater efficiency and effectiveness.
- 2.25 The Group employs around 12,000 staff, about 60 per cent of all those in the Department, and contributes to the delivery of a number of Departmental and cross-Government objectives including improving road safety, reducing harm to the environment, reducing driver and vehicle-related crime, modernising and e-enabling major public services and delivering value for money savings.

DVO Group's Strategy and Resources Directorate

- 2.26 The DVO Group's Strategy and Resources Directorate consists of three teams that support the Director General and the Group as a whole, particularly in dealings with other Government Departments (eg the Cabinet Office and HM Treasury), and that drive forward the DVO Group's strategies for better customer service, better compliance and better value for money. They also work to ensure that the DVO Group's agenda is in line with the broader policies and priorities of the Department. The Directorate has around 40 staff based in London and Bristol.

The Driving Standards Agency (DSA)

- 2.27 The DSA is responsible for promoting road safety through improving driving standards. The DSA's mission is 'safe driving for life' and its overall aim is to contribute to a 40 per cent reduction in riders and drivers killed or seriously injured in road accidents, in the age group up to 24 years, by 2010 compared with the average for 1994-98. In carrying out its role to promote road safety, the DSA's objectives are to improve standards of driving tuition and to test drivers, motorcyclists and driving instructors fairly and efficiently through the theory and practical driving tests. It maintains the register of Approved Driving Instructors and Large Goods Vehicle (LGV) instructors and supervises training for learner motorcyclists. During 2005-06 a new Chief Executive, Rosemary Thew, was appointed. The DSA is a Trading Fund with around 2,600 employees working at sites in Nottingham, Edinburgh, Newcastle, Birmingham, Bedford, London and Cardiff and in over 400 driving test centres across Britain.

The Driver and Vehicle Licensing Agency (DVLA)

2.28 The DVLA is the largest agency within the DVO Group and its principal objective is to maintain an accurate and up-to-date record of all those who are entitled to drive various vehicles, together with a register of all vehicles entitled to use public roads. It uses its data and operations to contribute to road safety improvement, crime reduction and environmental sustainability. It is also responsible for the collection of vehicle excise duty (VED), and collects and enforces around £4.5 billion per year and sells over 200,000 number plate registration marks each year. The DVLA was set a number of targets during 2005-06 aimed at improving the provision of its core services, delivering key elements of its longer term change programme and achieving its financial targets. The majority are on track for delivery. The DVLA became a Trading Fund on 1 April 2004. It employs around 6,500 staff at sites in Swansea as well as in a network of 40 local offices throughout Great Britain.

The Vehicle Certification Agency (VCA)

2.29 The VCA tests and certifies that vehicles and vehicle parts have been designed and constructed to meet internationally agreed standards of safety, environmental protection and crime prevention. In addition, the VCA publishes the definitive data on emissions, fuel consumption and noise for models of vehicles. Its mission is to be the best Type Approval and Certification Authority, specialising in the automotive industry. During 2004-05 VCA succeeded in winning new business in Japan, Korea, Malaysia and the Middle East and during 2005-06 it expanded its global presence in emerging areas of China and South East Asia. The VCA operates in a competitive market and has a remit to break even over each financial year. It employs 140 staff who are based at sites in Bristol, Nuneaton, Detroit (USA), Kelema Jaya (Malaysia), Beijing (China), Seoul (South Korea) and Nagoya (Japan).

The Vehicle and Operator Services Agency (VOSA)

2.30 VOSA became a Trading Fund when it was formed in April 2003 following the merger of the Vehicle Inspectorate (VI) and the Traffic Area Network (TAN). Its main objectives are to raise compliance of the road haulage industry with licensing, roadworthiness, road traffic and

environmental regulations and standards through effective testing and training along with advisory and enforcement services. It also supervises the MOT scheme for private vehicles and supports traffic commissioners in their responsibilities for operator licensing and bus registration services. Its primary focus during 2005-06 has been on the rolling out of an MOT computerised system which has already significantly improved the administration of the MOT scheme and ensured more consistent testing standards. The roll-out of the scheme was completed in March 2006. VOSA employs around 2,700 staff working in Bristol, Birmingham, Cambridge, Eastbourne, Edinburgh, Leeds, Swansea and 100 operational sites nationwide.

Figure 2a: DVO Group's agency expenditure and income
2000-01 to 2007-08

£ million

| | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| DVLA | | | | | | | | |
| Expenditure (pay) | 84 | 115 | 108 | 117 | 130 | 147 | 165 | 162 |
| Expenditure (non-pay) | 163 | 174 | 241 | 264 | 279 | 304 | 343 | 347 |
| Income (excluding VED) | 241 | 280 | 312 | 341 | 566 | 585 | 618 | 616 |
| Income from VED | 4,934 | 4,389 | 4,387 | 4,689 | 4,919 | 4,913 | 5,030 | – |
| VOSA | | | | | | | | |
| Expenditure (pay) | 43 ¹ | 49 ¹ | 63 ¹ | 69 | 76 | 90 | 91 | – |
| Expenditure (non-pay) | 31 ¹ | 38 ¹ | 49 ¹ | 58 | 50 | 60 | 89 | – |
| Income | 77 ¹ | 91 ¹ | 115 ¹ | 136 | 138 | 147 | 162 | – |
| DSA | | | | | | | | |
| Expenditure (pay) | 42 | 44 | 48 | 56 | 67 | 75 | 83 | 86 |
| Expenditure (non-pay) | 35 | 41 | 48 | 58 | 62 | 66 | 72 | 81 |
| Income | 80 | 88 | 101 | 113 | 128 | 144 | 161 | 164 |
| VCA | | | | | | | | |
| Expenditure (pay) | 2.8 | 3.0 | 3.4 | 3.6 | 3.8 | 4.3 | 5.1 | 5.3 |
| Expenditure (non-pay) ² | 3.1 | 3.7 | 4.2 | 4.1 | 3.9 | 4.1 | 5.1 | 5.3 |
| Income | 6.0 | 6.8 | 7.1 | 7.6 | 7.5 | 8.3 | 10.4 | 10.8 |
| ¹ These figures are those for the Vehicles Inspectorate (VI). For 2002-03 the figures represent a combination of the pre-merger VI and post-merger VOSA. | | | | | | | | |
| ² Not including notional Cost of Capital. As Trading Funds, VOSA and DVLA have their own accounting systems and do not generate income and expenditure figures more than two years in advance. | | | | | | | | |

The Government Car and Despatch Agency (GCDA)

2.31 GCDA joined DfT in November 2005. Originally an executive agency of the Cabinet Office, GCDA is the first choice supplier of secure transport, distribution and mail related services to government, the wider public sector and other approved customers. It does this through two main services. The Government Car Service (GCS) provides secure cars and drivers to Ministers, Senior Civil Servants and others in government and the wider public sector. The GCS operates a fleet of about 160 cars.

2.32 The Government Mail Service incorporates the InterDespatch Service and provides a range of mail distribution, mailroom management, secure mail screening and reprographic services to mainly central Government departments and agencies. GCDA employs around 300 people and is based in London, with regional depots in Birmingham, Bradford, Cardiff and Runcorn.

Figure 2b: GCDA expenditure 2000-01 to 2008-09

| | £ million | | | | | | | | |
|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans | 2008-09 Plans |
| GCDA | | | | | | | | | |
| Expenditure (pay) | 7 | 8 | 9 | 10 | 10 | 10 | 10 | 11 | 11 |
| Expenditure (non-pay) | 5 | 6 | 6 | 6 | 7 | 8 | 8 | 8 | 8 |
| Income | 12 | 14 | 15 | 16 | 17 | 18 | 18 | 19 | 19 |

The Highways Agency (HA)

2.33 The HA's role is to operate, maintain and improve the strategic road network in England on behalf of the Secretary of State for Transport. It is also responsible for setting and maintaining road, safety and structural standards for England's road network. This comprises over 7,407 kilometres of motorway and trunk roads and as at 31 March 2005 was valued at a net worth of £72 billion. The network provides a vital service to commerce and industry and to the lives of individuals and communities and carries some 66 per cent of the road traffic in England.

- 2.34 Following the Government announcement in July 2005 of long-term funding allocations covering transport, housing and economic development the HA has liaised with regional authorities to help them develop their advice and to inform them of current issues affecting performance of the strategic road network. The funding for transport within regions will cover major schemes on strategic roads that are primarily of regional importance. The regions submitted their advice in January with Ministers making the final decisions on the proposed funding packages.
- 2.35 The HA helped develop the PSA target for Reliability. This was published in July 2005 and is a measure of congestion aimed at reducing the delays on the worst journeys on each road on the network, which cause the most frustration to motorists. To help achieve this, the HA has reviewed the way in which they manage performance at an operational level and the way in which they manage information to support management decisions. The HA has strengthened their analytical capability by creating Regional Intelligence Units which work close to the frontline of service delivery. The overarching aim is to provide customers with more reliable journey times on a network that is sustainable, strikes the best environmental balance and provides best value.
- 2.36 The HA traffic officers are now operating on motorways in all seven of the HA's Regional Control Centres. The Traffic Management Act 2004 granted traffic officers a number of powers, such as the ability to stop and direct traffic. Traffic officers are now fully utilising these powers including undertaking rolling road closures and the removal of debris from the carriageway. This has freed up police time to focus on crime detection and prevention.
- 2.37 The HA is also working hard to achieve its share of the Department's safety target – to reduce the number of people killed or seriously injured in Great Britain in road accidents by 40 per cent and the number of children killed or seriously injured by 50 per cent (all roads) by 2010, compared with the 1994-98 average. The HA network carries about a third of all traffic but accounts for only about an eighth of all accidents. It does this with the application of high-quality engineering design standards based on sound research and by working with its partners and international colleagues to test and refine new ideas has made a significant contribution to reducing accidents.

2.38 The HA's targets for the environment have also contributed towards the Department's Air Quality Strategy targets. In addition the HA has now completed the piloting of an Environmental Management System (EMS) across their network operations for use by all their contracting partners. This will enable the Agency to ensure that the activities undertaken are carried out in such a way as to be supportive of environmental objectives, for example waste minimisation and the protection of flora and fauna.

Figure 2c: HA spending 2001-02 to 2007-08¹ **£ million**

| | 2001-02 ¹ Outturn | 2002-03 ² Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 ^{3,4} Plans | 2007-08 ^{3,4} Plans |
|---|---------------------------------|---------------------------------|--------------------|--------------------|---------------------------------|---------------------------------|---------------------------------|
| Maintenance | 711 | 760 | 776 | 732 | 834 | 862 | 838 |
| Making better use of the existing network including technology | 202 | 229 | 129 | 139 | 189 | 167 | 170 |
| Technology | | | 100 | 165 | 138 | 120 | 159 |
| Major improvements | 451 | 535 | 365 | 340 | 424 | 881 | 727 |
| Revenue support for private investment | 201 | 199 | 149 | 163 | 186 | 184 | 194 |
| Traffic Manager | – | – | 8 | 63 | 109 | 103 | 98 |
| Other programmes⁵ | 2,072 | 2,402 | 2,692 | 3,086 | 3,456 | 4,033 | 4,195 |
| Administration Cost⁶ | 77 | 84 | 92 | 92 | 96 | 95 | 95 |
| Total | 3,714 | 4,209 | 4,311 | 4,780 | 5,433 | 6,446 | 6,475 |
| Total adjusted for inflation | 4,019 | 4,414 | 4,406 | 4,780 | 5,322 | 6,163 | 6,031 |

¹ Figures are net of allowable receipts. Totals are capital and resource.

² 2001-02 and 2002-03 are on a resource accounting and budgeting (RAB) Stage 1 basis. Figures from 2003-04 onwards are prepared on a RAB Stage 2 accounting basis and indicative plans include private finance initiative PFI on balance sheet budget treatment. Revenue support for private investment reflects post accounting treatment adjustments position (eg less creditor and annually managed budget (AME) interest adjustments).

³ 2006-07 and 2007-08 include budgets for routes that are due to detrunk from 1 April 2006 and beyond.

⁴ Figures for 2006-07 onwards include HA latest estimates of RAB costs, and are subject to review in the Supplementary Estimates.

⁵ This includes programme cost of capital (AME), depreciation, write downs and provisions and excludes consolidated fund extra receipts (cfers).

⁶ Part of DfT's overall administration cost budget.

The Maritime and Coastguard Agency (MCA)

2.39 The MCA supports both the development and the practical application of the Government's maritime safety strategy. The MCA's main responsibilities are:

- developing, promoting and enforcing high standards of marine safety;
- minimising loss of life among seafarers and coastal users;
- responding to maritime emergencies 24 hours a day;
- minimising the risk of marine pollution from ships and, where pollution occurs, minimising its effect on UK interests; and
- administration of the UK shipping register.

2.40 In the course of a year, the MCA's work includes dealing with around 15,000 calls to Coastguard Co-ordination Centres, and it is necessary to deploy maritime and aeronautical search and rescue resources to about 8,000 of these. The MCA carries out around 3,500 surveys of UK registered ships and 7,000 inspections of foreign and UK ships, as well as tackling about 100 pollution incidents per year around the UK and processing 10,000 seafarer certificates and other documents. The Agency has an enforcement function, and deals with an annual total of 100 or so breaches of Merchant Shipping Legislation.

2.41 Another important aspect of the Agency's work is representing the UK at the International Maritime Organization and the International Labour Organization, both of which are United Nations bodies, and also at the European Union.

2.42 In addition, the MCA manages the hydrographic survey programme to provide up to date navigation charts of the seabed, and arrangements with the Meteorological Office to provide navigational warnings and shipping forecasts direct to ships, as well as the BBC Radio 4 Shipping Forecast.

| Figure 2d: MCA spending 1999-00 to 2007-08 | | | | | | | | £ million | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1999-00 Outturn | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans |
| Safer lives ¹ | 46 | 45 | 54 | 55 | 56 | 62 | 64 | 67 | 67 |
| Safer ships ² | 18 | 25 | 26 | 26 | 29 | 30 | 28 | 30 | 30 |
| Cleaner seas ³ | 14 | 11 | 11 | 14 | 14 | 14 | 14 | 15 | 15 |
| Customer services ⁴ | 9 | 7 | 10 | 12 | 12 | 12 | 13 | 10 | 10 |
| Total⁵ | 87 | 88 | 101 | 107 | 111 | 118 | 119 | 122 | 122 |
| Total adjusted for inflation | 98 | 98 | 109 | 112 | 113 | 118 | 117 | 117 | 114 |

¹ This is expenditure on civilian maritime search and rescue, including running Coastguard Co-ordination Centres, the provision of helicopters, and the Auxiliary Coastguard Service.

² This is expenditure on surveys of UK ships and the inspection of foreign ships visiting UK ports, associated legislative development and implementation, the provision of advice and guidance to the shipping industry, and the provision of information for nautical charts and shipping weather forecasts.

³ This is the expenditure on marine pollution prevention and response work and relevant legislative development and implementation.

⁴ Customer services expenditure includes the registration of ships in the UK and the provision of training and certification services for seafarers.

⁵ Totals include the administration costs of these functions, where applicable. In 2004 all the MCA's administration costs were re-classified as 'programme', and this was backdated to 1 April 2003.

Non-departmental public bodies (NDPBs)

2.43 The Department sponsors six executive NDPBs. Figure 2e gives their staff numbers at 1 April 2005, and their gross departmental public support expenditure for 2005-06 and 2006-07.

2.44 Appointments to our executive and advisory NDPBs are made following the Commissioner for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies. From 2006 the Department will publish an annual public appointments plan which sets out our strategy on public appointments to NDPBs including our commitment to increasing the diversity of those who serve on their Boards. The annual public appointments plan can be downloaded from the DfT website: www.dft.gov.uk

Strategic Rail Authority (SRA)

2.45 The SRA was established in 2001 and given responsibility for the overall strategic direction for the industry, passenger franchises, consumer protection, development of rail freight and taking forward investment projects. As part of the streamlining of the industry's structure under the Railways Act 2005, the SRA is being wound up and its functions transferred to the Secretary of State and a range of other bodies. That process is now largely complete as described in more detail in Chapter 5. Final abolition of the SRA is expected to take place during 2006.

British Transport Police (BTP) Authority

2.46 The BTP Authority was established on 1 July 2004 under the Railways and Transport Safety Act 2003. The Authority, which is classified as an executive NDPB of the Department, has a statutory duty to maintain an efficient and effective police force for the railways.

2.47 The BTP is funded by the rail industry and the Authority is responsible for setting its annual budget. The Chair of the Authority and other members, consisting of a mix of industry and non-industry members, are appointed directly by the Secretary of State. The Authority's Management Statement and Financial Memorandum are available on its website (see the section 'Useful websites' at the end of this chapter).

Passenger Focus

2.48 Passenger Focus is the operating name for the new Rail Passengers Council (RPC). The RPC was established by the Railways Act 2005 as a body corporate, executive NDPB of the Department for Transport on 24 July 2005. At this point the previous RPC network of regional committees and a national council, sponsored by the SRA, were abolished.

- 2.49** Passenger Focus is the official, independent voice of rail passengers and its mission is to get the best deal for Britain's rail passengers. The organisation's objectives are to understand the needs and experiences of rail passengers, secure tangible and measurable improvements for rail passengers, empower rail passengers with information, advice and advocacy, influence major long-term decisions that affect rail passengers and to be visible, accessible and understood by rail passengers and stakeholders. The statutory duties and constitution of the body are principally set out in the Railways Act 1993 (as amended) and in the Railways Act 2005.

Railway Heritage Committee (RHC)

- 2.50** Sponsorship of the RHC transferred from the SRA to the Department for Transport on 21 November 2005, when it became an executive NDPB.
- 2.51** The role of the RHC is to identify railway records and artefacts of future value to the nation, in the general interest of the public, for research and scholarship and to ensure they reside in good condition, in appropriate locations. Once identified, the RHC has the function of designating those records and artefacts (or classes of record or artefact) which are historically significant and should be permanently preserved. Once designated, the owner of artefacts and records may only dispose of them once they have sought permission from the RHC. Further information about the functions, membership and procedure of the RHC can be found in the Railway Heritage Act 1996 (which has been amended by the Railways Act 2005) and in the Railway Heritage Scheme Order 2005 (Statutory Instrument No. 2905).

Trinity House Lighthouse Service (THLS)

- 2.52** Under Part VIII, Section 193 of the Merchant Shipping Act 1995 THLS is responsible for the provision and maintenance of marine aids to navigation around the coasts of England, Wales, the Channel Islands and Gibraltar. It also marks wrecks and has wreck removal powers. It is funded by light dues collected at ports around the UK and the Republic of Ireland.

Northern Lighthouse Board (NLB)

2.53 The NLB is similarly responsible for the provision and maintenance of marine aids to navigation around the coasts of Scotland and the Isle of Man, and is likewise funded by light dues collected at ports around the British Isles.

| Figure 2e: Executive NDPBs | | | | | £ million |
|---|--------------------------------|-------------------------------------|---|--|---|
| | Staff in post 31 March 2006 | Estimated expenditure 2005-06 | Estimated departmental support 2005-06 | Planned gross expenditure 2006-07 | Planned departmental support 2006-07 |
| Strategic Rail Authority | 17 ¹ | 2,198 | 2,297 | Nil | Nil |
| British Transport Police² | 3,978 ² | 202 | 16 ³ | 223 | 10 ⁴ |
| General lighthouse Authorities⁵ | | | | | |
| Northern Lighthouse Board | 218 ⁶ | 3 | Nil | 28 | Nil |
| Trinity House Lighthouse Service | 328 | 42 | Nil | 34 | Nil |
| Passenger Focus (operating name for Rail Passengers Council⁷) | 42 ⁸ | 4.3 ⁹ | 4.3 ⁹ | 5.5 ¹⁰ | 5.5 ¹⁰ |
| Railway Heritage Committee¹¹ | 0 ¹² | 41k ¹³ | 41k ¹³ | 109k | 109k |

¹ The SRA is being wound down. Most of its functions have been transferred to other bodies, and staff numbers have been reduced accordingly. Final abolition is expected during 2006. Number given, excludes Board members of the Authority

² Includes 2,774 police officers, 199 police community support officers and 1,005 support staff. Excludes members of the Authority.

³ Includes capital grant-in-aid allocation of £12 million and a contribution to the additional costs of £3.6 million incurred by BTP on 7 July 2005. In addition the Department is providing working capital of £12.5 million.

⁴ Capital grant-in-aid allocation. In addition the Department is providing working capital of £12.5 million

⁵ The general lighthouse authorities are fully funded by light dues (collected from shipping at UK and Republic of Ireland ports) and investment income.

⁶ The staff figure does not include 68 part-time staff, six of which are remunerated Commissioners.

⁷ The RPC came into being on 24 July 2005. Use of the Passenger Focus 'operating name' began on 25 January 2006.

⁸ The staff figures for Passenger Focus are as at 31 March 2006.

⁹ This figure is from 24 July 2005 until 31 March 2006. This figure includes £822k in the same period for ring-fenced expenditure associated with the management of the National Passenger Survey (NPS) contract.

¹⁰ This figure includes planned ring-fenced expenditure on the NPS in 2006-07 of £942k.

¹¹ The RHC became an executive NDPB of DfT on 21 November 2005.

¹² The RHC Secretary is an employee of BRB(R).

¹³ This figure covers the period from 21 November 2005 to 31 March 2006.

Other NDPBs

The Commission for Integrated Transport (CfIT)

2.54 CfIT is an advisory non-departmental body with the remit to provide independent advice to Government on transport policy issues. The Commission advises on:

- future policy options (blue-sky thinking) on strategic issues;
- policy issues touching on transport objectives that span departmental boundaries;
- identification of best practice among local authorities and other delivery agencies to identify barriers to deliver and improve performance;
- comparisons with European/International policy initiatives and best practice;
- the impact of new technology;
- stakeholder input to inform the policy making process; and
- specific Policy Reviews as agreed by the Governance Board.

2.55 Through the Commission's published reports and its other work, its objective is to refresh and raise the level of the public transport debate.

Disabled Persons Transport Advisory Committee (DPTAC)

2.56 The DPTAC is an independent body to advise Government on the transport needs of all disabled people across the UK. The DPTAC also advise on the built environment needs of all disabled people. The aim of this NDPB is to ensure that all disabled people can go where everyone else goes and that they can do so easily and without extra cost. We would like to see this happen over the next 10 years.

2.57 The DPTAC has a statutory duty to consider any matter referred to it by Ministers but it can give advice on any other issue on the transport needs of all disabled people in England, Wales and Scotland. The role of the DPTAC is to give advice and represent all disabled people on legislation, regulations or guidance on transport and the built environment and in response to important consultation documents.

The Traffic Commissioners

2.58 The seven Traffic Commissioners are appointed by the Secretary of State for Transport and have responsibility in their Area for the licensing of the operators of heavy goods vehicles (HGVs) and of buses and coaches (public service vehicles) (PSVs), the registration of local bus services and disciplinary action against drivers of HGVs and PSVs. Commissioners are statutorily independent in their licensing functions. A key part of this is to hold Public Inquiries, in particular to consider the environmental suitability of HGV operating centres and the possibility of taking action against operators who have not complied with the conditions of their licences.

2.59 Each Traffic Commissioner is supported by a Traffic Area Office (TAO). TAOs can, in certain routine cases act on the Traffic Commissioners' behalf under delegated powers.

2.60 The overall aims of the Traffic Commissioners are to ensure that licences are only issued to competent and reputable operators who run roadworthy vehicles, goods vehicles are operated from environmentally suitable sites, bus services are reliable, and drivers of buses, coaches and lorries behave responsibly.

Trust Ports

2.61 The Department also has a formal relationship with the larger trust ports, by virtue of appointment powers and the power to compel privatisation, still on the statute book in the Ports Act 1991.

- 2.62 In total, there are around 80 ports in Great Britain with trust status, of which some 20 are commercially significant. Trust ports are independent statutory bodies governed by independent boards of trustees charged with acting in the interests of all stakeholders.
- 2.63 The Secretary of State for Transport has powers to appoint some board members to five of the larger ports in England and Wales. As part of the public expenditure control system, borrowing by the ports scores against the Department's expenditure limit.

Useful web sites

Department for Transport
www.dft.gov.uk

DirectGov
www.direct.gov.uk

Driver and Vehicle Licensing Agency
www.dvla.gov.uk

Driving Standards Agency
www.driving-tests.co.uk

Highways Agency
www.highways.gov.uk

Maritime and Coastguard Agency
www.mcga.gov.uk

Vehicle Operator Services Agency
www.vosa.gov.uk

Vehicle Certification Agency
www.vca.gov.uk

British Transport Police
www.btp.police.uk

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

Northern Lighthouse Board
www.nlb.org.uk/

Railway Heritage Committee
www.rhc.gov.uk/

Rail Passenger Council
www.passengerfocus.org.uk/

Evidence and research Strategy
www.dft.gov.uk/ers

Chapter 3

Effectiveness and efficiency

Efficiency

3.1 In organising itself to deliver its objectives, the Department is committed to improving its effectiveness and efficiency. These next sections outline the key Departmental plans for efficiency and internal reform.

Spending Review 2004 Efficiency Review target

3.2 The Prime Minister and the Chancellor of the Exchequer appointed Sir Peter Gershon to lead an Efficiency Review of the whole public service in 2003. The findings of the Review underpin the DfT's Efficiency Programme for the duration of the 2004 Spending Review (SR2004) period (covering financial years 2005-06 through to 2007-08).

3.3 The objectives of the Efficiency Review, over the SR2004 period and beyond, are:

- to release major resources into frontline services that meet the public's highest priorities out of activities which can be undertaken more efficiently; and
- to reduce the bureaucracy faced by frontline professionals and free them up to meet the needs of their customers better.

Departmental targets

3.4 The Department's agreed target is to realise total annual efficiency gains of at least £785 million by 2007-08, of which at least half will be cashable, releasing resources to front-line activities.

3.5 This target represents 2.5 per cent year on year gains against the Department's overall budget over the SR2004 period, excluding Rail, which was subject to its own review. Spending on transport services by local authorities is also within the scope of the target, ensuring that transport efficiency throughout the public sector is addressed in the programme.

- 3.6 The Department also plans by 2007-08 to:
- achieve a total reduction in posts of at least 200 in the central Department, excluding agreed increases in certain frontline activities like Transport Security;
 - achieve a total reduction in posts in the Driver and Vehicle Licensing Agency of at least 500; and
 - have relocated 60 or more posts out of London.
- 3.7 A central feature of the Department's programme is that gains must be genuine efficiencies rather than economy cutbacks and that the quality of service delivery will not be reduced. In addition to achieving the agreed efficiency targets, the Department has set the following wider and longer-term objectives for the Efficiency Programme of:
- embedding a culture of efficiency management throughout the Department; and
 - building up corporate and collective working across the DfT Group.
- 3.8 These objectives will also prepare the Department for a wider business transformation agenda. The programme is overseen and managed by an Efficiency Programme Board, which ensures that the Department is on track to meet its targets and the wider objectives of the programme.

Planning

- 3.9 The Department has identified ten workstreams which will contribute to the target of efficiency gains of £785 million by 2007-08. These workstreams and their progress in 2004-05 are detailed below.
- 3.10 The Department's Efficiency Technical Note (ETN) is published on the Department's website and sets out how each of the workstreams within the programme will contribute to the achievement of the overall efficiency target and provide a contingency for the management of the programme. The ETN also contains details of the measurement mechanisms that are in place for each workstream.

Progress

3.11 The Department delivered a total of £288 million of efficiency gains in 2004-05. These gains were agreed with the Office of Government Commerce. The majority of the gains were delivered by the Driver, Vehicle and Operator Group (DVO Group), through activities such as the reduced evasion of Vehicle Excise Duty (VED) and the increased take-up of electronic services, and Transport for London (TfL), through savings in procurement and communications, and the introduction of their shared service centres for Finance and Human Resources (HR).

3.12 Figure 3a sets out progress in 2004-05. Detail on efficiency gains realised in 2005-06 are being finalised and will be available in the Department's Autumn Performance Report.

Figure 3a: Efficiency gains, 2004-05

| Workstream | Initiative | Efficiency gains millions |
|---------------------------------|-----------------------------|--------------------------------------|
| DVO Group | Increase tax yield | £80.6 |
| | Transactional services | £24.7 |
| Highways Agency | Strategic Roads Procurement | £18 |
| Local Authority Non-Roads Spend | Transport for London | £119 |
| | London Underground | |
| | Private Public Partnerships | £46 |
| TOTAL | | £288.3 |

3.13 The Department realised additional efficiency gains referring to 2004-05 which were calculated retrospectively after the 2004-05 total (£288.3 million) was finalised with the Office of Government Commerce (OGC). These are set out in the following table.

Figure 3b: Additional efficiency gains, 2004-05

| Workstream | Initiative | Efficiency gains millions |
|---------------------------------------|---|--------------------------------------|
| Local Authority Non-Roads Spend | Revenue Support Grant | £19 |
| Highways Agency Local Authority Roads | Local Authority Roads Procurement | £27 |
| Developing the Department | Efficiencies arising from 2004-05 headcount reduction | £3.1 |

Driver Vehicle and Operator (DVO) Group

- 3.14 The DVO Group has a target to increase the level of vehicle tax collected by £75 million per annum by 2007-08. The target mainly relates to the collection of Vehicle Excise Duty (VED), and will be achieved by reducing evasion using the new arrangements for Continuous Registration enforcement. The Group also has a target to deliver £70 million of economy and efficiency gains by 2007-08, mainly through the development of electronic services and by encouraging customers to conduct transactions with the Group through the most cost-effective channels. Efficiency and effectiveness gains will also be delivered through a wider business transformation agenda and increases in productive time.
- 3.15 In 2004-05 the DVO Group recorded efficiencies of £105.3 million. The majority of this was achieved through an increase in revenue from vehicle excise duty (£77 million) and value for money improvements, such as the increased take up of electronic services (£24.7 million). Substantial progress has been achieved in MOT computerisation and online vehicle registration. The service recently won a New Statesman award for Modernising Government. The judges found the service to be simple, specific and easily understood, and regarded it as setting a new standard for e-government.

Highways Agency and local authority roads procurement

- 3.16 The Highways Agency (HA) plans to achieve total efficiency gains of £200 million in its own strategic roads procurement and to enable local authorities to achieve gains of £190 million in their roads procurement by 2007-08.
- 3.17 The HA has developed a framework of performance indicators to measure efficiency improvements in its existing roads procurement and maintenance contracts for strategic roads. Further details of these measurement metrics are included in the Department's ETN. The HA met its target to achieve efficiency gains of £18 million on strategic roads procurement in 2004-05.
- 3.18 The HA is also leading a project to improve roads procurement in Local Authorities. The Agency is working with local authorities to develop proposals for improved and collaborative procurement to

deliver efficiency gains. This workstream has a target to achieve efficiency gains of £190 million by 2007-08. Efficiency gains in this workstream are reported via the Local Authority Annual Efficiency Statement published by the Office of the Deputy Prime Minister (ODPM). In 2004-05 local authorities realised roads procurement efficiency gains worth £27 million.

- 3.19 Each local authority is responsible for its own approach for improved efficiency. The HA acts as change agent in facilitating collaborative procurement between local authorities and between the Agency and local authorities. The HA is also closely involved with the Regional Centres of Excellence, which provide a strong driver for local government efficiency, providing support to local authority led projects designed to achieve efficiencies.

Local authority non-roads transport spending

- 3.20 In 2004-05 TfL realised efficiency gains of £119 million. This forms part of TfL's own efficiency programme, where the focus has been on support services integration and improved procurement. Efficiencies worth £46 million were also accrued from improvements in London Underground running and capacity from Public Private Partnerships.
- 3.21 The Department has also secured efficiency gains in local authorities' spend on transport services. Particular areas include bus tendering, concessionary fares and capital infrastructure projects. Efficiency gains in this Local Authority Non-Roads workstream are reported via the Annual Efficiency Statement published by ODPM. In 2004-05 local authorities realised efficiency gains of £19 million in the non-road transport spend area.

Developing the Department

- 3.22 The Department is seeking to embed a culture of efficiency management by creating a leaner and better skilled centre. One aspect of this is the Department's target to reduce headcount in DfT(Central) by 200 full time equivalents (FTEs) by 2007-08. In 2004-05, headcount was reduced by 70 FTEs. The workstream realised efficiency gains of £3.1 million. Efficiency gains will also be delivered through improving financial management, flexible deployment, and standardising and sharing support services across the central Department and its executive agencies.

Relocation

3.23 The Department has agreed to relocate 60 posts out of London and the South East. To date, 47 posts have been relocated. These comprise 25 Rail Accident Investigation Branch posts to Derby, 12 payroll posts from London to Hastings and Swansea and 10 Vehicle and Operator Services Agency (VOSA) posts moving away from the South East. Plans to relocate the further 13 posts necessary to meet the target of 60 by 2007-08 are well in hand. It should be noted that it was agreed posts could be relocated to Hastings, despite its location in the South East, on the basis that it is a regeneration area.

Shared Services Programme

3.24 In 2004-05 the Department established the Shared Services Programme, to improve efficiency, effectiveness and integration of the Department's 'back office' support services. After an initial feasibility study the Department endorsed the concept of employing standardised and simplified business processes for HR, payroll and finance (including some procurement processes) for the central Department and all its agencies, using a common IT platform and consolidating the transactional support into a shared service centre. This, in turn, would enable a reduction of the size of the retained HR, payroll and finance functions across the Department's business units, while at the same time freeing them to concentrate on more value added, specialist and business specific policy related tasks.

3.25 In May 2005 the project started the detailed design phase, drawing on resources from across the Department, but predominantly from the Driver and Vehicle Licensing Agency (DVLA) and their private sector partners. The Department also decided to house the shared service centre at the DVLA in Swansea. The project was reformed into a programme to take forward the work of designing the business processes to be used in the shared service centre and the business units, and the delivery of the shared service centre, software platform and its supporting technology. Under this programme each business unit will also manage its own migration project, with the DVLA and the Driver Standards Agency (DSA), being the first two agencies scheduled to migrate in the second half of 2006.

- 3.26** The business process designs were completed at the end of January 2006, with the blueprint for the shared service centre and retained business unit functions finalised in March 2006. The programme is now engaged in the building and configuration of the software platform and enabling technology that will support the shared services, with the building of the shared service centre underway and on schedule for completion later this year.

Minor Programmes and other workstreams

- 3.27** The Department has identified efficiency savings of around £30 million a year in its minor programmes, defined broadly as programmes with expenditure of less than £50 million. Savings cover a wide range of departmental activity. These include water freight facilities grant, where there is potential to secure greater benefits than previously for each pound the department spends, to less costly ship inspections resulting from the introduction of new data recording systems. The programme is also intended to embed efficiency thinking more widely across the Department.
- 3.28** The Department also has smaller workstreams seeking to realise efficiency gains through better management of its assets and improved procurement practices.

PSA efficiency target

- 3.29** The Department has a Spending Review 2002 (SR2002) Public Service Agreement (PSA) target to 'achieve annual efficiency improvements of 2.5 per cent'. This PSA target expired at the end of financial year 2005-06. The target is based on achieving efficiencies and savings relating to the Administration Cost Limit (ACL). The ACL for 2005-06 was £242 million, resulting in a PSA target of £6.1million of efficiency gains.
- 3.30** This target will be met through a number of efficiency projects and programmes running across the centre of the DfT and the HA. These initiatives involve a range of corporate improvement projects as well as efficiency developments within policy directorates.

- 3.31 In 2005-06 progress towards achievement of the SR2002 PSA Efficiency target was monitored as part of the wider Efficiency Programme for the SR2004 period. Further details on achievement of this target in 2005-06 will be published in the Autumn Performance Report, once we have been able to finalise the end-year position.

Improving Departmental capability

- 3.32 The central Department and agencies continue to run business-led internal reform programmes focused on practical ways of improving performance through better planning, matching people to work more efficiently and improving professional skills.

Professionalism

- 3.33 The Department is enhancing its professionalism both through bringing in talent to senior appointments and through realising the potential of existing staff. For the second year running, staff have been invited to apply for four 'talent pools' set up to target the development and training of people with the potential to progress at all levels. One pool is specifically for people from ethnic minorities. Participation in the pools has provided a valuable range of development opportunities for those concerned. The four pools complement the centrally run government schemes such as the ones for fast streamers and senior staff with high potential.
- 3.34 In line with cross-Whitehall requirements, the Department commenced a project in 2004 to establish a programme and project management (PPM) 'Centre of Excellence' (CoE) functions within DfT. A key component of this operation was the establishment of the Programme and Project Management (PPM) Network to offer good practice, guidance, support and capability development in programme and project management competencies across the Department and its agencies.
- 3.35 The Network offers a route for staff to develop specialist skills to assist the Department in the delivery of its major programmes and projects more effectively. Competence in programme and project management skills is assessed against a framework that has been developed in consultation with the Office of Government Commerce and Industry,

via the Association for Project Management (APM). The PPM Network now has over 300 members. Over 400 people have been trained in the basic principles of programme and project management, and over 120 have qualified in the APM introductory certificate. The ability to identify where programme and project management capability is located or needed is enabling the Department to better understand individual, team and organisational development needs in programme and project management, and continued movement towards facilitating effective deployment of programme and project management skills onto priority initiatives.

3.36 These initiatives are in line with the service-wide ‘Professional Skills for Government’ programme launched by the Cabinet Office in November 2004. The Department is integrating the skills framework into its training and appraisal systems.

3.37 Leadership at all levels in the Department is to be strengthened. A newly launched project will define, assess and nurture the skills required to motivate, inspire and innovate, as distinct from those required for the day-to-day management of tasks and resources.

Improving Financial Management

3.38 In 2005-06 enhancements to the financial capability of the central Department have continued to be delivered through the Improving Financial Management initiative. This has seen:

- a revised Corporate Governance Framework introduced in the centre of the Department;
- the introduction of regular reporting to the DfT Board on major projects and the medium to long term financial planning horizon;
- a new Investment Appraisal Framework rolled out for all of DfT;
- Rail Finance support successfully transferred from the former Strategic Rail Authority (SRA) and assimilated into the centre of the Department;
- the successful migration of financial data to the Treasury-run Single Data System;

- the establishment of a Group Finance Committee to support the development of an enhanced Group-wide finance function; and
- the enforced separation of duties for Purchase to Pay activities on the SAP accounting system, to reduce the risk of fraud.

3.39 Work has also been under way to bring together purchase order raising and invoice processing within a central team, for the centre of the Department, to be implemented in phases during 2006-07.

3.40 Further improvements planned for implementation in 2006-07 include:

- the introduction of a single core reporting suite, together with performance and conformance measures, to improve financial monitoring and control;
- the reorganisation of finance functions in the centre of the Department, to place more financial accountability and responsibility with Directors General and line managers, and to leave the central Finance Directorate to focus on more strategic areas of financial challenge and ensuring value for money; and
- the roll-out of a mandatory financial skills framework to underpin the organisational changes and to ensure that staff are equipped with necessary skills.

Risk management

3.41 Risk management is an important part of the Department's internal control framework and considerable progress has been made over the past year in embedding risk concepts into everyday departmental business. A Risk Framework and Impact and Likelihood criteria were agreed by the DfT Board and are used by colleagues throughout the Department to help them assess risks more effectively. The Board see regular reports on cross-cutting risks as part of the bi-monthly Business Plan reporting process.

3.42 The Department is working hard to improve performance through a co-ordinated programme of workshops which should improve staff's understanding of risk concepts and processes.

Legal services

- 3.43 The Legal Services Directorate (LSD) of legally qualified and administrative staff provides legal services to the DfT and its agencies. It helps the Department achieve its aims and objectives by providing a constructive, timely and responsive legal service delivered to a high professional standard. LSD lawyers help to manage legal risks and to deliver policy within a sustainable legal framework.
- 3.44 LSD also maintains close links with other Whitehall legal teams to help ensure that the benefits of best practice are shared and applied. LSD also helps to manage the legal input provided to DfT by external lawyers. The core work of LSD is to prepare Parliamentary bills, to draft secondary legislation, to provide legal advice (including advice in respect of litigation and EU negotiations), and to improve public law awareness and administrative professionalism in DfT and its agencies.
- 3.45 In 2005-06, working with Parliamentary Counsel and the rest of DfT, LSD has prepared the Road Safety Bill, the Civil Aviation Bill, the Merchant Shipping (Pollution) Bill and the Crossrail Bill. Major statutory instruments prepared by LSD have included the implementation of the Railways Act 2005 and regulations establishing the Rail Accidents Investigation Branch (RAIB). LSD has advised on the establishment of the Transport Innovation Fund (TIF), on the planning strands of the Government's Eddington Study and on the major ports development applications in the Greater South East. LSD lawyers have been heavily engaged in the defence of the court action brought by Railtrack shareholders and the judicial reviews brought in relation to *The Future of Air Transport* White Paper and the Ship Source Pollution Directive.

Valuing diversity

- 3.46 The Department recognises that in order to deliver transport that works for everyone and to meet its business objectives, the Department's staff need to be representative of the diverse communities it serves. The Department is committed to developing an organisation in which fairness and equality of opportunity are central to its business and working relationships.

3.47 Over the past 12 months, the central Department (DfT(C)) has introduced a range of employment measures to strengthen and take forward diversity policy, and to help develop its diverse talent. The central Department:

- developed an Age Action Plan to ensure age neutrality in HR practices and processes;
- created an Employment Equality Impact Assessment Toolkit to assess employment policies and practices across all diversity strands, and implemented training to raise awareness about individual and departmental responsibilities under the Public Duty on Race;
- achieved re accreditation to use the 'Positive About Disabled People' symbol and guaranteed interview scheme which is used throughout internal and external recruitment and selection procedures;
- is using assessment centres as a means to assess suitability for promotion, which has improved the success rate of under-represented groups in securing promotion;
- ran 'Valuing Diversity' events on a monthly basis, which provide an opportunity for staff to learn new perspectives that can help in building positive working relationships – these were open to other public sector organisations; and
- launched for the third year the Green Light career development programme aimed at Black and minority ethnic (BME) staff. Green Light is one of the Department's talent pools aimed at developing talented staff.

3.48 The Department has also taken part in various benchmarking exercises and was awarded the Silver status by Race for Opportunity and Opportunity Now and 83 per cent in the Disability Standard for continuing to ensure that its core policies and practices promote race, gender and disability equality;

3.49 The Department continues to support organisations committed to improving diversity and acted as a sponsor at the 11th British Diversity Awards, winning a Silver Commendation for our Valuing Diversity events and renewed its gold status membership with the Employers Forum on Disability.

Figure 3c: Performance against Cabinet Office PSA diversity targets

| PSA improvements to be made | DfT position as at 31 March 2006 percentage | Cabinet Office April 2008 PSA targets (percentage) |
|---|---|--|
| Women in Senior Civil Service (SCS) | 23 | 37 |
| Ethnic minority staff in SCS | 2.1 | 4 |
| People with disabilities in SCS | 1.0 | 3.2 |
| Top 600 civil service posts to be filled by women | 23.8 | 30 |

Figure 3d: Diversity make-up of the Department's staff (including Executive Agencies)

| Staff in post as at 31 March 2006 | SCS staff | Non-SCS staff | Total staff |
|---------------------------------------|-----------|---------------|-------------|
| Total male staff | 147 | 10,931 | 11,078 |
| Total female staff | 44 | 8,318 | 8,362 |
| Total staff | 191 | 19,249 | 19,440 |
| Ethnicity of staff (numbers) | | | |
| White | 143 | 15,678 | 15,821 |
| Mixed ethnic background | 0 | 150 | 150 |
| Asian | 2 | 399 | 401 |
| Black | 1 | 269 | 270 |
| Chinese | 0 | 34 | 34 |
| Other | 1 | 123 | 124 |
| Ethnicity unknown | 44 | 2,433 | 2,477 |
| Non-participants | – | 163 | 163 |
| Disabled Staff | | | |
| Declared disability | 2 | 1,064 | 1,066 |
| Part-time staff (numbers) | | | |
| Total part time staff | 16 | 2,502 | 2,518 |
| Age profile of staff (numbers) | | | |
| Under age 20 | – | 175 | 175 |
| Aged 20 – 24 | – | 1,507 | 1,507 |
| Aged 25 – 29 | – | 2,146 | 2,146 |
| Aged 30 – 34 | 11 | 1,861 | 1,872 |
| Aged 35 – 39 | 19 | 2,285 | 2,304 |
| Aged 40 – 44 | 24 | 2,728 | 2,752 |
| Aged 45 – 49 | 43 | 2,945 | 2,988 |
| Aged 50 – 54 | 50 | 2,495 | 2,545 |
| Aged 55 – 59 | 42 | 2,216 | 2,258 |
| Aged 60 or over | 2 | 891 | 893 |

The figures are staff in post, so 2 part-time staff count as 2 staff in post. This gives a higher headcount figure than the full-time equivalent headcount information provided in Table A6 at Appendix A. Staff in post has to be used for diversity monitoring because each individual has their own diversity information. The figures cover all DfT Agencies including the Government Car and Despatch Agency.

3.50 The Department is committed to delivering equality and diversity as an employer and in making policies and delivering transport services that fully reflects the diverse nature of society.

3.51 In making policy and delivering services, the Department has:

- published the updated Race Equality Scheme for the Department and its agencies for the period 2005-08. This includes detailed action the Department will take to fulfil its responsibilities under the Race Relations (Amendment) Act 2000;
- established an Equalities Forum with the aim of raising equality issues and sharing good practice. Membership includes staff from the central Department and agencies, and is chaired by the Permanent Secretary who feeds back findings to the Senior Management Group;
- launched a website with a discussion area hosted by the Chartered Institute of Logistics and Transport UK for members of the Women's Transport Network. The conference facility provides the membership with an opportunity to access comment on transport themes; and
- continued to promote the principles of the Compact through the DfT Strategy and Action Plan 'Working in Partnership with the Voluntary Sector' which sets out how the Department supports and promotes community transport services and how we will continue to work more effectively to meet transport need.

Occupational health and safety

3.52 The Department's occupational health and safety policy statement and management arrangements clearly define both line managers' and individual staff members' responsibilities.

3.53 The Department produces an annual report on occupational health and safety that details progress and performance across the Department and its agencies.

3.54 The Department and its agencies achieved an average of 10.5 days sick per staff year during 2005 compared with the 2004 figure of 10.7 days.

3.55 Current issues include:

- continue to promote greater awareness of the Department's occupational health and safety arrangements;
- monitoring and managing sick absences in line with the reduction targets set to 2010;
- review of attendance management policy and procedures;
- publish and promote the Department's Driving at Work policy; and
- review the Department's stress policy and guidance to staff.

Corporate relations

Freedom of Information (FOI)

3.56 The FOI regime came fully into force on 1 January 2005. The Department's preparatory work to train all staff and establish procedures and guidance on handling requests laid solid foundations for our strong performance in the first year. Overall we met the deadlines for response in almost 90 per cent of the 1,519 cases received across DfT, and we provided all the information requested in the majority of cases. In the interests of making the information we have disclosed more widely available we have also published all responses of wider public interest on our website, in addition to continuing to proactively publish other new material there.

Training and support

3.57 A number of measures are being taken forward to ensure continuous improvement in our performance in FOI request handling. In particular:

- the Department's intranet guidance is being revised and updated to reflect the decisions and experiences from the first 12 months;
- an 'outreach' programme of follow-up training is under way to spread best practice and ensure that new staff are also fully equipped to provide a helpful and responsive service; and
- performance management reports are provided to senior managers to assist them in their role in overseeing efficient case handling.

3.58 Over the coming year, the Department will be seeking to build on this successful start and to improve our ability to handle FOI requests effectively and on time every time. Detailed FOI performance figures for DfT and all departments of state are available from the Department for Constitutional Affairs (DCA) website (www.foi.gov.uk).

Customer service and complaints

3.59 The DfT is committed to delivering good quality services to the public and constantly seeks to improve on those services. To help us know what we are getting right and what is going wrong, we always welcome feedback. Where something does go wrong, our aim is to put it right as speedily as possible and to learn for the future.

3.60 In the current reporting year the central Department received a small number of formal complaints about its administrative practices and these were dealt with under our complaints procedures. We have issued comprehensive complaints handling guidance to our staff to ensure that all complaints we do receive are dealt with as quickly and courteously as possible.

3.61 Each of the DfT agencies and the central Department has its own complaints procedure, determined by the nature of its business. Further information about these can be obtained from the individual agency website or annual report, available through links at www.dft.gov.uk.

Chapter 4

Roads

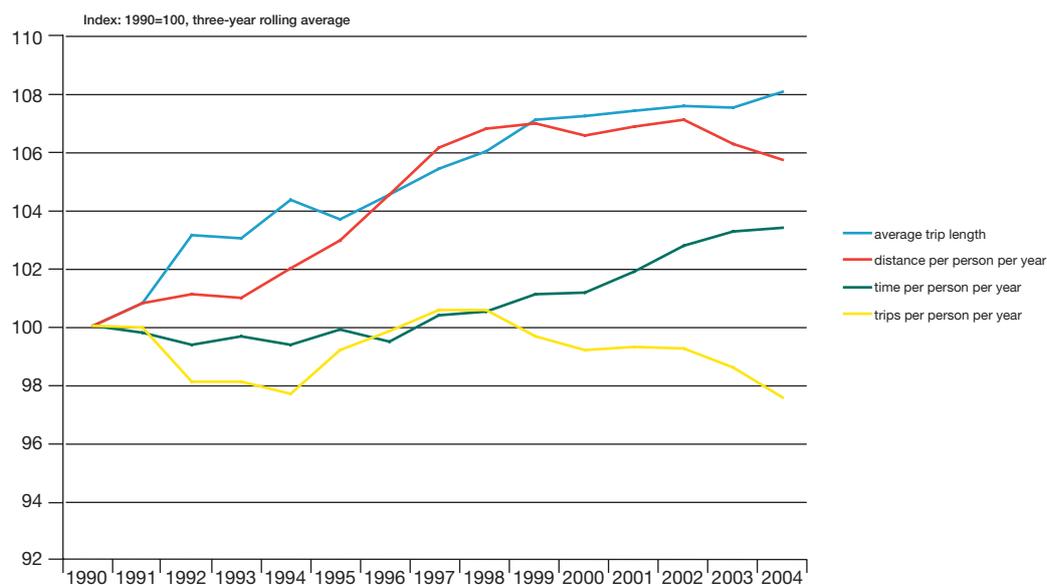
- 4.1 The road network in England provides an essential service to commerce and industry and to the lives of individuals and communities. England has almost 300,000 kilometres of public road, nearly 80 per cent of the total for Great Britain. Most journeys in England are by road.
- 4.2 Car ownership and traffic growth continue to rise in the context of a growing economy. This puts additional pressures on the road network's capacity as people travel more, and more goods are transported. At some places and times, congestion is a serious problem, causing unreliable journey times, delays and unpleasant driving conditions for road users, and lost time and additional costs for businesses. However, traffic is not the same as congestion, and for many roads, for most of the day, congestion is not a problem.
- 4.3 This chapter describes the work undertaken by the Government during 2005-06 on tackling congestion, and on moving towards a goal of a road network that provides a more reliable and freer-flowing system for all road users, where travellers have access to dependable information so they can make choices about how and when they travel, and so minimise the adverse impacts of road traffic on the environment and other people.

Strategy and objectives

- 4.4 The strategic policy framework for roads in England is set out in *The Future of Transport*. It describes a strategy that includes:
- continuing to improve the safety of the road network and of vehicles through better education and information, enforcement of penalties for road users who break the law, better road design and engineering and better vehicle safety standards (see Chapter 11);
 - delivering additional road capacity where justified, balancing road users' needs against impacts on the wider environment;
 - getting greater performance out of the road network through improved and innovative network management;

- facilitating smarter individual choices about how and when to use roads, including offering alternatives to car use; and
- supporting choices by continuing to develop new ways of paying for road use so they become practical options.

Figure 4a: Trends in road travel – 1990-2004



Progress in delivering objectives

- 4.5** There are three Public Service Agreement (PSA) targets relating specifically to roads. The target on safety is dealt with in Chapter 11. The two targets on tackling congestion on strategic roads, and roads in urban areas, published in July 2005, are covered in this chapter. Additional targets on air quality and greenhouse gases are dealt with in Chapter 10. A summary of the progress on all PSA targets is included in Appendix D.
- 4.6** The Government remains committed to tackling congestion by implementing the strategy outlined in *The Future of Transport*. Developments over the past year are set out in this chapter.

Responsibility for delivery

Strategic roads

4.7 The strategic road network of motorways and all-purpose trunk roads in England comprises over 7,400 kilometres of motorways and trunk roads. It accounts for approximately 2 per cent of the total road length in England, but carries nearly one-third of all road traffic and two-thirds of all road-based freight.

Figure 4b: The strategic road network as at 1 January 2006



- 4.8 Strategy and policy for the strategic road network are set and established by the Secretary of State for Transport, advised by the DfT's Road Transport, Aviation and Shipping group, and the DfT Board.
- 4.9 Responsibility for operational management and maintenance of the strategic network remains with the Highways Agency (HA). The Agency's Chief Executive is a member of the Department's Board and reports on the Agency's performance. A description of the HA's overall roles and responsibilities appears in Chapter 2.

Detrunking programme

- 4.10 Since 2001 the Government has pursued a phased programme of transferring responsibility for non-core trunk roads from the HA to local highway authorities. This programme, known as detrunking, has had the effect of reducing the length of the network for which the HA is responsible. It allows the HA to concentrate on the operation of strategic trunk roads whilst enabling local authorities to consider their own priorities for the improvement of non-core routes. The aim has been to transfer some 3,200 kilometres – 30 per cent of the trunk road network as it was in April 1999 – to local authorities, and to date more than 80 per cent (around 2,628 kilometres) of the programme has been completed. During 2005-06 118 kilometres of non-core trunk roads were detrunked.

Figure 4c Public road lengths in England by class of road, 2004

| Type of road | Length (kilometres) |
|---------------------|---------------------|
| Motorways: | |
| Trunk | 2,950 |
| Principal | 46 |
| Dual Carriageway: | |
| Trunk urban | 240 |
| Trunk rural | 2,502 |
| Principal urban | 2,330 |
| Principal rural | 1,505 |
| Single Carriageway: | |
| Trunk urban | 131 |
| Trunk rural | 1,924 |
| Principal urban | 6,991 |
| Principal rural | 16,576 |
| B roads | 19,854 |
| C roads | 64,063 |
| Unclassified roads | 178,668 |
| Total | 297,779 |

Notes

- A number of minor revisions have been made to the lengths of major roads from 1993 onwards.
- Figures for trunk and principal 'A' roads in England, from 2001 onwards, are affected by the detrunking programme.
- Urban roads: Major and minor roads, from 1993 onwards, are defined as within an urban area with a population of 10,000 or more.
- Rural roads: Major and minor roads, from 1993 onwards, are defined as being outside an urban area. Revisions have been made to the minor road length figures for 2004.

Source: *Transport Statistics*

Local roads

- 4.11** Local roads in urban and rural areas are the responsibility of the local highway authority in which they are situated. As detailed in paragraph 4.10 above, local highway authorities have also assumed responsibility for more non-core interurban trunk roads under the detrunking programme.
- 4.12** Responsibility for London's strategic roads falls to Transport for London (TfL), and for urban roads to the London local authorities. More details about developments with London's roads appear later in this chapter.
- 4.13** The Traffic Management Act 2004 has conferred new duties and powers upon local authorities to take practicable measures to manage local roads and keep traffic moving. Details of local authorities' new traffic management responsibilities are set out in paragraph 4.23.

Drivers and vehicles

- 4.14 Policy affecting drivers and vehicles is the responsibility of the DfT's Driver Vehicle and Operator (DVO) Group. Information about the agencies within the DVO Group can be found in Chapter 2, and details of the DVO Group's activities during 2005-06 are included in Chapters 11 (Safety and security) and 12 (Electronic services for customers).
- 4.15 An important continuing priority is to strengthen the role and position of these agencies, ensuring that they are fully engaged in shaping as well as delivering policy. The Director General of the DVO Group is responsible for monitoring the performance of these agencies and reporting to the Department's Board.

Capacity

- 4.16 Following the outcome of the Spending Review 2004, in December 2004 the Government announced a total investment of £1.9 billion for the three-year period from 2005-06 to 2007-08. This £1.9 billion allocation is an increase on the previous three years, compared with £1.2 billion in 2002-03 to 2004-05. This sustained investment includes £1 billion of improvements for strategic roads of national importance and a £900 million programme for routes of regional importance also over the next three years.
- 4.17 The Government also announced in December 2004 that the strategic road network will now be considered as consisting of two categories:
- roads which are key trade routes of predominantly national and international importance; and
 - routes of predominantly regional rather than national importance.
- 4.18 In the former category, decisions will continue to be taken on the basis of national priorities. In the latter category decisions on schemes starting after 2007-08 will take account of advice from regions, which will consider these schemes alongside proposed transport investment by local authorities. In each case new road schemes will only be added to the programme once approved by the Secretary of State for Transport.

- 4.19 During 2005-06 the HA completed eight major schemes on the strategic road network, bringing to 36 the total of strategic road schemes completed since 2001. Eighteen major schemes are currently under construction, 12 of which have commenced since April 2005. The Agency plans to start construction on 24 new schemes by April 2008.
- 4.20 The HA also has an ongoing programme of over 90 road improvement schemes, the majority costing under £5 million per scheme. The Agency expects to address at least 60 of these by April 2008.

Roads procurement

- 4.21 The HA is acting as a change agent to work with local authorities to secure, through road procurement, approximately 50 per cent of the Department's efficiency target. Agency procurement experts are working with local authorities to find opportunities for efficiency gains through collaboration. Following consultation with local authorities, suppliers and other stakeholders, a *Strategy for Achieving Efficiency Gains from Collaborative Roads Procurement* was published in September 2005. A cross-industry group, the Highways Efficiency Liaison Group, steered development of the Efficiency Strategy and has continued to help drive further collaborative initiatives. These include the development of a consistent approach across all highway authorities to efficiency measurement. The HA is also exploring various initiatives to drive local and regional efficiency gains, including through collaborative contracts and joint supplier/client communities.

Network management

- 4.22 In addition to adding capacity where appropriate, the Government is implementing policies to make better use of the roads that we already have.

The Traffic Management Act 2004 – new traffic management roles

- 4.23 The Traffic Management Act 2004 seeks to tackle congestion and disruption through the effective management of activities on the road network. During 2005-06 the Government continued work to implement the following elements of the Act:

- Supporting local traffic authorities in taking up the new network management duty to do all that is reasonably practicable to manage local road networks effectively and to keep traffic moving. Local traffic authorities have now appointed traffic managers to spearhead the development of their approach to network management.
- Enacting the provisions for local authorities to have greater control mechanisms to manage when and where utility companies carry out street works, including a new regime of permit schemes, fixed penalty notices and changes to the notice requirements.
- Providing local authorities outside London with more powers to take over the enforcement of parking restrictions, bus lanes, and some moving traffic offences from police forces.
- Developing the guidance on the criteria for using intervention powers that allow for the Secretary of State to take action if an authority is failing in its network management duties.
- Powers to designate certain London Borough roads as ‘strategic roads’, and giving TfL new powers of co-ordination (see the section ‘Roads in London’, later in this chapter).

Traffic officers on Highways Agency roads

- 4.24 The HA traffic officers became fully or partly operational in all regions during 2005-06, dealing with specific incidents on the strategic network that could have an impact on traffic flow. The West Midlands Regional Control Centre (RCC) opened in April 2005, and was followed by the start of the service in the South East in August 2005, the North West and North East in September 2005, the East in October 2005, the South West in December 2005, and the East Midlands in February 2006.
- 4.25 Traffic officers were deployed to assist the Police and other emergency services at a number of major incidents during the year. In the West Midlands, where traffic officers now carry out all the functions that legislation permits, response and clearance time targets (to clear 75 per cent of incidents within 30 minutes of taking full responsibility for re-opening the road to traffic) are being achieved. The HA continues to evaluate the relationship between traffic officers’ activities and incident-related congestion.

4.26 As the service continues to work up towards full operations, traffic officers will take on more of the incident management functions previously carried out by the police, with full handover scheduled for the spring of 2007. The police time freed up by the introduction of traffic officers allows them to focus on tackling criminality on the roads.

Figure 4d: Division of on-road roles and responsibilities – the police and the HA

| i) On-road responsibilities prior to the establishment of the HA traffic officer service | | | |
|---|---|---|---|
| | Police | Highways Agency | Shared responsibility |
| General on-road duties | Managing criminal activity Managing fatal and serious accidents Managing minor collisions Enforcing road traffic offences High visibility patrols | | |
| Controlling traffic flow | Dealing with abandoned vehicles Removing damaged/broken down vehicles Providing mobile/temporary road closures | Repairing and improving road infrastructure | Clearing debris and animals |
| Other services | Escorting certain vehicles Escorting abnormal loads Monitoring road works Handling special events Educating road users | | |
| ii) On-road responsibilities once the HA traffic officer service is fully operational (from spring 2007) | | | |
| | Police | Highways Agency | Shared responsibility |
| General on-road duties | Managing criminal activity Managing police-led incidents Enforcing road traffic offences | Managing minor collisions | High visibility patrols |
| Controlling traffic flow | | Dealing with abandoned vehicles Removing damaged/broken down vehicles Providing rolling roadblocks and temporary road closures Clearing debris and animals Repairing and improving infrastructure | |
| Other services | | Escorting abnormal loads Monitoring road works | Handling special events Educating road users |

Other traffic management initiatives on strategic roads

4.27 The Government announced in December 2004 that the planned widening of the M1 from Junction 6a to Junction 10 (M25 to Luton) would include a trial high occupancy vehicle (HOV) 'carpool' lane for use during peak periods by vehicles carrying more than one occupant. The first stage of the widening works commenced on the motorway during March 2006, with completion scheduled for 2008. If the trial is successful, the HOV lane will be extended to Junctions 10 to 13 of the M1 once that section is widened. An initial trial HOV lane on 1.6 kilometres of the M606 and M62 south of Bradford from 2007 was announced in March 2006. The HA will consider further HOV lane sites at other motorway locations if the pilots are effective.

4.28 The phased introduction of the Active Traffic Management pilot scheme on a 17-kilometre stretch of the busy M42 motorway east of Birmingham continued during 2005. The scheme uses existing and new technology including comprehensive CCTV monitoring, automatic queue detection, the latest variable message signs capable of displaying text and images, ramp access control, and emergency refuge areas positioned away from moving traffic. Three-lane advisory speed signals began operation in June 2005, and mandatory variable speed limits were introduced in November under the control of the West Midlands RCC. Hard shoulder running under strictly controlled conditions will be introduced during peak flow periods from autumn 2006.

4.29 In January 2006 work began on the first phase of a £6 million project to introduce motorway access management measures (or 'ramp metering') on junction slip roads at 30 locations across the country. This system, which has been used overseas for a number of years and is already being piloted successfully on the M6 north of Birmingham, and on the M27 and M3 around Southampton, reduces congestion and improves traffic flows by managing the flow of vehicles joining at motorway junctions. Traffic lights located on the slip road operate during congested periods to regulate the amount of traffic joining the motorway. Sensors along the slip road enable the system to switch off when necessary to prevent the build up of traffic on the adjacent road network. The first 10 locations will be on the M6, M60 and M62 motorways in the North West and will begin operating during the spring.

Maintenance on strategic roads

4.30 To assess maintenance needs more effectively, the HA continues to use a broad measurement index for road surface conditions that covers rutting, unevenness, cracking and skid resistance. The index enables the Agency to report against the road surface condition target established on the basis of whole life cost, and takes account of the fact that it is not practical or sustainable to maintain the whole road network in an as new condition. The target condition at which the road network is to be maintained each year is equated to a road surface condition index score of 100. It allows for year-on-year small variation in the actual condition, which would occur due to the whole life cost regime. The target for 2005-06 – for the percentage of the network in good condition to be 94.3 per cent at the end of the year – has been achieved. Further information on the HA can be found in Chapter 2 of this report.

Roads in London

4.31 Transport for London (TfL) is responsible for all aspects of maintenance and renewal of the major road network in London, about 5 per cent of the total network. Apart from those sections of motorway (M1, M4, M11 and M25) in London, the remainder of London's roads are the responsibility of individual London boroughs.

4.32 The Government, in partnership with TfL, the Association of London Government and the Metropolitan Police, continues to work to cut disruption on London's roads. The Traffic Management Act 2004 provided new powers to enable TfL to play a stronger role in co-ordinating traffic management in London. In particular the Act enabled the Secretary of State to establish a network of strategic roads over which TfL would have greater powers. These roads remain the overall responsibility of the borough highway authorities, but TfL are able to step in to prevent a highway scheme or works that would disrupt the rest of the network unduly. Following consultation, in March 2005 Ministers announced the network of roads that would be designated as strategic in London. The strategic road network came in to force in September 2005.

The congestion charge

- 4.33 The total volume of traffic entering the central London congestion charging zone during charging hours is holding steady. In September 2005, the Mayor approved plans to extend the central London congestion charging zone westward to cover most of Westminster and parts of Kensington and Chelsea, and to amend charging hours to end earlier at 6pm, to become operational in February 2007. The decision followed an extensive public consultation. From September 2006 drivers will also be able to pay the charge the day after they travel in the charging zone.
- 4.34 The London Local Authorities and Transport for London Act 2003 decriminalised certain traffic offences, for example, stopping in yellow box junctions and parking on zig-zag lines. The new measures were piloted during 2004 and cameras will provide better enforcement of these offences which, in turn, will help to keep traffic moving. The second London Local Authorities and Transport for London Bill is now before Parliament. The Bill contains more provisions aimed at improving road traffic in London. The first Transport for London Bill is also now before Parliament and includes powers on congestion charging, London cabs and private hire vehicles, surface transport and street management.

Low Emission Zone

- 4.35 The Mayor has asked TfL to develop proposals for a Low Emission Zone (LEZ) for London, affecting vehicles over 3.5 tonnes. The scheme would cover the whole of Greater London, excluding motorways and would involve a charge being imposed on affected vehicles that are not compliant with emissions-based criteria. TfL published a consultation paper on proposed revisions to the Mayor's Transport and Air Quality Strategy in relation to the London LEZ in January 2006.
- 4.36 The Mayor's proposal is consistent with the Government's own objectives to improve air quality and protect the environment (details of which appear in Chapter 10). The Government will continue to work with the Mayor and TfL as proposals are developed.

New ways of paying for road use

- 4.37 The Department has been taking forward a programme of work to address the challenges identified in the major study into the *Feasibility Study of Road Pricing in the UK*, which was submitted to the Secretary of State and published in July 2004.
- 4.38 In particular the Government has made clear that road pricing could not be implemented in a single, national ‘big bang’, but needs to be demonstrated through pathfinder schemes, developed with local authorities and supported from the Transport Innovation Fund (TIF). The TIF will start at £290 million in 2008-09 rising to some £2.5 billion in 2014-15. The Government’s aim over the next five years is to develop a sizeable city-region pathfinder to demonstrate, at scale, the role that pricing could play.
- 4.39 In November 2005 seven areas were awarded pump-priming funding to develop their proposals for packages of schemes to include the exploration of pricing. They are the West Midlands, Greater Manchester, the former Avon unitary authorities, Durham, Cambridgeshire, Shropshire, and Tyne and Wear. A further round of bids for pump-priming funding is due to take place in July 2006. The Department has set up a Local Liaison Group with representatives of these and two other authorities (TfL and Cardiff), to explore pricing, and has been actively working on the practicalities of applying pricing in ways that will complement and support the wider packages of transport measures that authorities are developing.
- 4.40 It is clear that many of the elements needed for road pricing are already being commercially developed by vehicle manufacturers and others marketing services to road users. The Department’s work has therefore also included exploring the potential synergies with these market-led services, such as pay-as-you-go insurance and real-time travel information to explore alternatives to the traditional model of a big, central procurement exercise.

Smarter choices

- 4.41 The Government believes that there is considerable scope for providing better information so that people can make smarter, well-informed decisions about the trips they make. This includes a wide range of initiatives, from information about the general performance of the road network through to real-time travel news. Initiatives are also in hand to improve the reliability of the network, being better prepared and able to respond quickly to the events that cause disruption.

Better information for road users

- 4.42 The Government is introducing better information resources to keep road users informed about conditions on the road network and to help them make choices about the route, time and mode for their journeys, to help reduce congestion and improve journey time reliability.
- 4.43 The HA's National Traffic Control Centre (NTCC) provides journey advice and real-time information about conditions on England's motorway and trunk road network, and helps road users plan their journeys better by collecting and disseminating data, both from a sophisticated system of traffic monitoring equipment including road sensors and cameras, and from an extensive group of partners including the police and local highways authorities. Analysis of this data and information is carried out by a computer system that enables operators, on duty 24 hours per day, to provide responses that keep road users informed and minimise delay.
- 4.44 Further data collection points are being added and existing ones are being reviewed, to build towards comprehensive coverage of the network. The NTCC makes live information available to road users through the HA's *Traffic England* website (www.highways.gov.uk/trafficinfo) and its traffic information telephone service (08700 660115), which is automatically updated as road conditions change. Information is also supplied via travel news media reports, on-road electronic message signs, and independent and third party information providers. In addition the NTCC feeds information to the Transport Direct website (www.transportdirect.info) which contains journey-planning information for all modes of transport, as well as estimated journey times for road travel, taking into account historical congestion levels.

- 4.45 The HA expects that by the end of 2007 all seven RCCs will be fully resourced and operating at full service, and will be responsible for the setting of variable message signs on motorways in their region, monitoring road conditions (working directly with traffic officers), and establishing diversion alternatives.
- 4.46 A National Roads Telecommunications Services project was announced in September 2005. Over 10 years this £490 million project will upgrade existing roadside systems to provide a national digital system linking more than 14,000 message signs, emergency telephones, CCTV cameras and traffic monitoring systems to the HA's RCCs. It will give road-users real-time information to plan journeys more effectively.

Better preparedness

- 4.47 The Government has improved provisions to tackle disruption to the road network caused by bad weather and other risks. The HA's preparations for the 2005-06 winter season have focused on improving its winter service plans by increasing standardisation, better governance, establishment of a liaison group with the salt industry to ensure continuity in road salt supply, and having an effective system in place for learning lessons from severe weather-related incidents. This proved useful when reviewing the severe weather in Cornwall during November 2005. At the same time the Agency has also improved the reporting system to supply up-to-date information for drivers on the condition of the road network, including a dedicated road weather information service at the NTCC, better provision of advance warning information on electronic variable message signs, and working with the Meteorological Office to ensure that messages to drivers are consistent. The Agency tested the preparedness of its staff and service providers in 'snow desk' exercises at the start of the winter season.
- 4.48 The HA has further improved its contingency planning to meet its new duty under the Civil Contingencies Act 2004 and has established an operational risk register to improve its management of threats to network resilience and to reduce incident related congestion, and has improved multi-agency contingency planning links with the police, emergency services and local authorities. The HA has also embarked on a programme to improve incident management in an effort to reduce incident-related congestion. In addition, the Agency

has held a series of emergency planning exercises, which included Agency staff and representatives from partner agencies, including the emergency services.

Influencing travel behaviour

4.49 The report, *Smarter choices: changing the way we travel*, commissioned by the Government in 2004, concluded that 'smart' travel initiatives could reduce peak time traffic by up to 14 per cent for non-urban roads and by up to 21 per cent for urban roads.

4.50 The HA has a programme of Influencing Travel Behaviour initiatives to help tackle congestion during peak periods, including partnership working with employers based close to congested routes to develop workplace travel plans. Work commenced on five Travel Plan Action sites during 2005-06 at the following locations:

- Team Valley, close to the A1 in Gateshead;
- Brackmills, on the A45 near Northampton;
- Cribbs Causeway on the M5 near Bristol;
- Whiteley, close to the M27 in Hampshire; and
- Slough Trading Estate, near the M4 in Berkshire.

4.51 Other Influencing Travel Behaviour initiatives include work with tourism authorities to smooth peak traffic flows on motorways and major roads; encouraging modal shift initiatives with freight and coach operators; and liaising with local authorities and developers on development control.

Measuring progress with new targets

4.52 The Government published new PSA targets in July 2005 for tackling congestion on the strategic road network and on selected principal roads operated by local authorities in the 10 largest urban areas. The new targets use more meaningful measures of congestion, provide improved information for road users about the roads they use, and will focus road managers' attention on identifying and targeting improvements in road performance where they will be most effective in delivering more reliable journeys.

4.53 The target for strategic roads is to make journeys more reliable on the strategic road network by 2007-08.

- The target focuses on journey time reliability, since unpredictable journey times are one of the most important consequences of congestion.
- The indicator is the average vehicle delay (measured in minutes lost per 10 vehicle miles travelled) experienced on the slowest 10 per cent of journeys on each of a set of around 100 routes which together make up most of the strategic road network in England, for each 15-minute departure period between 6 am and 8 pm for each day of the week. 'Delay' is the difference between observed journey times and a reference journey time.
- The target will be achieved if the average vehicle delay on the slowest 10 per cent of journeys on target routes in 2007-08 is lower than in the baseline year (August 2004 to July 2005). Improving the worst journeys makes reliability improve overall, since it reduces the likelihood of having a bad journey.
- The baseline for the target was published in February 2006. Information will be available for individual, recognisable routes, providing improved information for road users about the roads they use, and allowing road managers to target improvements in road performance where they will be most effective.
- The HA is responsible for the delivery of the target. The network management initiatives described earlier in this chapter will help improve the worst journeys and improve reliability on strategic roads, for example the role of traffic officers in clearing incidents and keeping traffic moving, and the Active Traffic Management scheme's control of traffic flow during busy periods. Infrastructure improvements and information to support journey planning are also expected to contribute towards improved reliability.

**Figure 4e: Average delays experienced by the 10 per cent slowest journeys on the strategic road network
(all days 06:00h-20:00h – August 2004 to July 2005)**

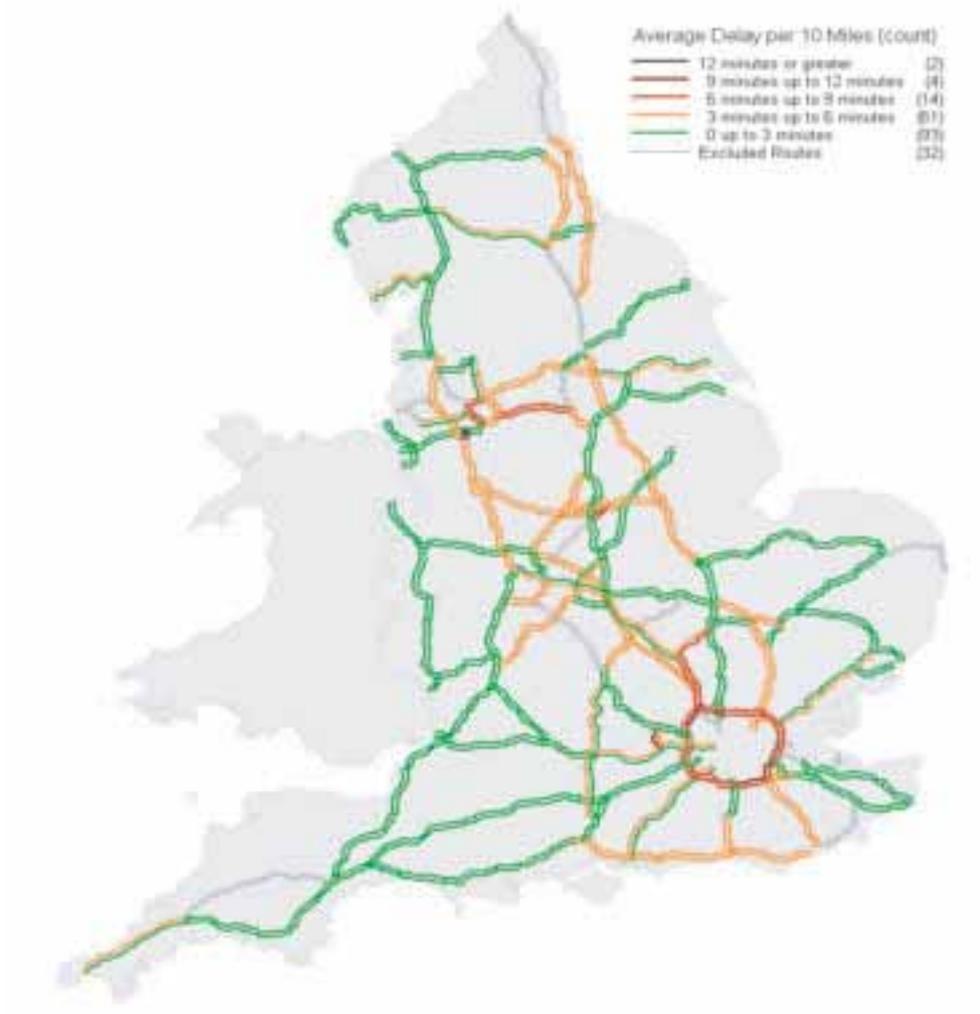


Figure 4f: Average delays experienced by the 10 per cent slowest journeys on the strategic road network by day of week and departure time

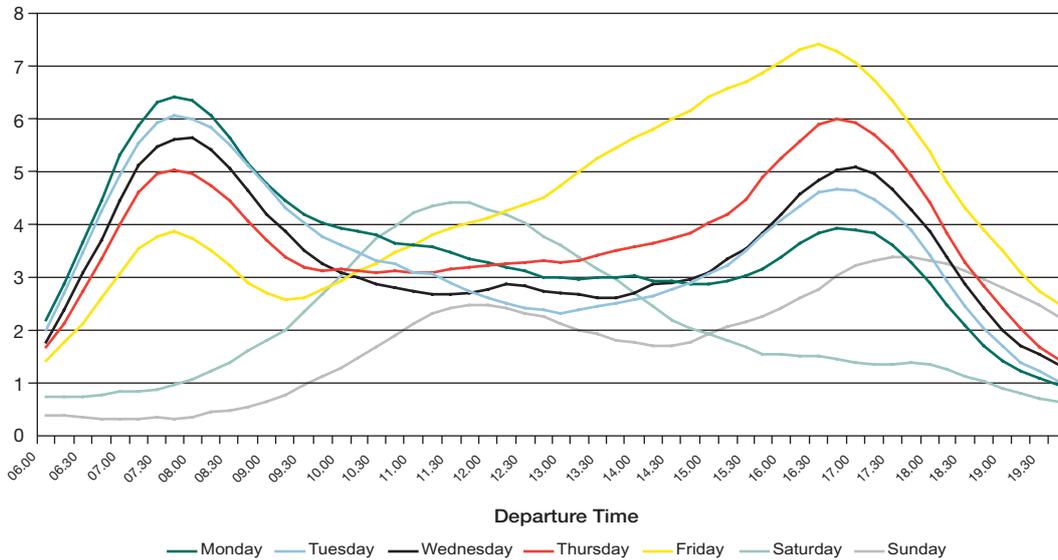


Figure 4f shows that in the morning peak the average delay on the worst 10 per cent of journeys declines as the week progresses, and the opposite effect occurs in the evening peak.

4.54 The target for urban roads is that by 2010-11 the 10 largest urban areas will meet the congestion targets set in their Local Transport Plan (LTP) relating to movement on main roads into city centres:

- Local authorities completed their LTPs in March 2006, including strategies to tackle congestion in their local areas. Quantified targets based on new data sources will be published during summer 2006.
- The PSA target is based on the targets set by the 10 largest local authorities, London, West Midlands, Greater Manchester, Merseyside, South Yorkshire, West Yorkshire, Tyne and Wear, Nottingham, Leicester and Bristol, as between them they account for a significant proportion of all congestion on urban roads.

- 4.55 London does not publish an LTP like other local authorities, but TfL, which has the strategic overview of London's roads, is working to a similar timetable as the other authorities in developing targets.
- 4.56 The target relates to the movement of people rather than vehicles, because in the urban context it is the people and the goods that the vehicles are moving around rather than the vehicles themselves, that are important. The target requires authorities to count vehicle occupancy by type of vehicle, then to calculate the average journey time that people experience, whether they use a bus or a car.
- 4.57 Local authorities' plans for delivering the targets include using the new traffic management powers conferred on them under the Traffic Management Act 2004, described earlier in this chapter. Further information on LTPs can be found in Chapter 7 and more details about the DfT's PSA targets appear in Appendix D.

Chapter 5

Rail

- 5.1 Demand for rail travel continues to grow. People are now travelling further by rail than in any year since 1946. Over a billion rail journeys are now made per year and, within 20 years, the figure is expected to grow to 1.3 billion. There has also been a 36 per cent increase in the amount of freight moved by rail since 1996-97.
- 5.2 In parallel with this welcome growth in demand, the performance of the railway has been improving: costs are being progressively brought under control, there have been real gains in reliability and the trend in safety continues to improve.
- 5.3 Underlying all of this is our successful restructuring of the industry which has created a stable platform, in terms of organisation and funding, on which to build.

Developing a longer-term rail strategy

- 5.4 One of the most significant challenges facing the Department and the rail industry is how to support the development of the railway in the longer term so that it is central to economic prosperity, attracts more users and is more responsive to their needs.
- 5.5 In the summer of 2007, the Department will publish a rail strategy White Paper to provide a sense of direction for the industry and a clear and positive message about the prospects for passengers. The White Paper will incorporate the High Level Output Specification which will describe the railway we want to buy for the next five years and set out the money available for the purpose.
- 5.6 The White Paper will respond to a range of other issues, including:
- how to accommodate anticipated passenger growth;
 - the role of high-speed inter-city trains, including the case for a new north-south high-speed line;
 - improving the environmental performance of the rail network to ensure it maintains its advantage over other modes; and
 - responding to the needs of passengers in the context of an ageing and more culturally diverse population.

- 5.7 It will link more widely to the work being done by Sir Rod Eddington, the outcomes of the 2007 Comprehensive Spending Review and wider transport and spatial planning.

Responsibility for delivery: reorganisation of the rail industry

- 5.8 Implementation of the proposals in the White Paper and of the Railways Act 2005, which gives effect to some of them, has continued throughout the year. When the changes have been fully carried through, a new, simpler and more streamlined industry structure will be in place, built on the principle of public and private partnership and recognising rail's status as a public service, specified by the Government and delivered by the private sector.
- 5.9 A new Rail Group was established within the Department between May and August 2005. It is staffed partly by existing civil servants, partly by people transferring from the Strategic Rail Authority (SRA), and partly by new recruits from the rail industry and elsewhere. The Group has taken over many of the functions of the SRA, including responsibility for rail strategy and for the specification, procurement and management of franchises in England. Other functions previously carried out by the SRA have been transferred to the Scottish Executive, the Welsh Assembly Government, Network Rail (NR) and the Office of Rail Regulation (ORR).
- 5.10 The Scottish Executive now has broadly the same functions in respect of Scottish rail services as the Department has for services south of the border. They are being discharged by its new agency, Transport Scotland, which started work in January 2006. The Welsh Assembly Government is now responsible for the day-to-day management of the Wales and Borders franchise, and will in future be a co-signatory with the Department when the franchise is relet.
- 5.11 There is an increased emphasis on local solutions. The Passenger Transport Authorities in England and Transport for London (TfL) are taking on increased roles in specifying the services required in their areas. In the course of the year seven rural and branch lines have been designated as community rail lines under the Community Rail Development Strategy launched by the SRA in November 2004, which aims to deliver affordable services tailored to meet local need.

- 5.12 NR's role as operator of the rail network has been strengthened by an enhanced leadership role within the industry. The company now has overall responsibility for ensuring that the network delivers a reliable service, and for leading industry planning, setting timetables and directing service recovery. It has a more direct and effective relationship with the train operating companies. The number of passenger franchises is being reduced, and the boundaries will be aligned more closely with those of NR's regional structure.
- 5.13 ORR is also being given an enhanced role. In addition to its existing responsibility for economic regulation of the railway, it will take over the safety regulation function from the Health and Safety Executive (HSE), and will take the final decision on any proposal to close or substantially modify any part of the railway network, including track and stations. Economy and efficiency will be improved by bringing all these aspects of regulation within a single body. These changes are expected to be complete early in the financial year 2006-07. At that point the SRA, whose last remaining function is the operation of the existing rail closures regime, will be wound up.
- 5.14 The Rail Group has started work on the preparation of the first High Level Output Specification, to be delivered during 2007. This is a new mechanism, introduced as part of the White Paper proposals, whereby the Secretary of State specifies the outputs in terms of capacity, performance and safety, which he wishes the railway to deliver during the five years starting in 2009. At the same time, he will indicate the level of resources available for investment in the industry during that period. These statements will be issued in time to inform ORR when it carries out its review of the resources to be made available to NR in that same five-year period and the contribution to be made by train operating companies through track access charges. In this way, ORR will continue to protect the rights of investors and customers and will ensure that the Government pays the proper price for what it is buying, while taking account of the level of expenditure which the Government can afford.

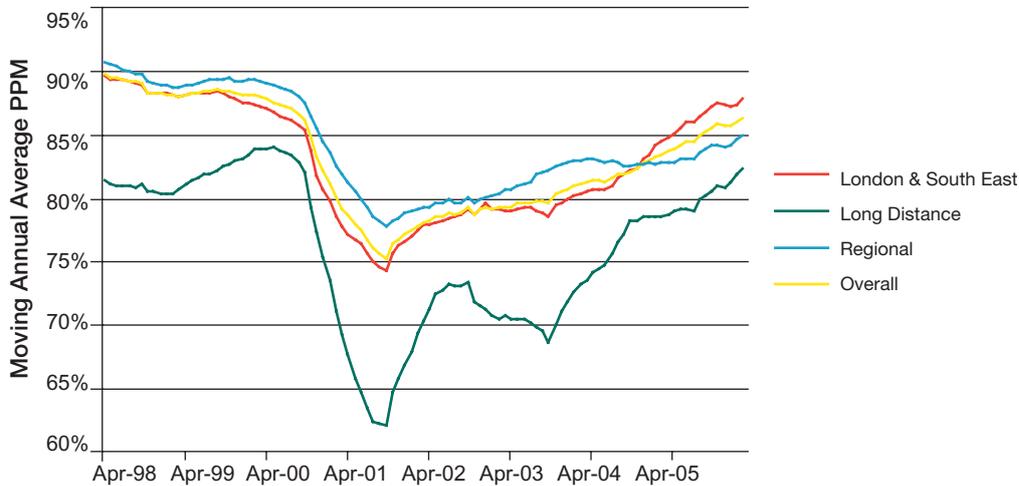
Progress in delivering objectives

- 5.15 The Public Service Agreement (PSA) target for railways is to improve punctuality and reliability to at least 85 per cent by 2006, with further improvements by 2008. The 85 per cent target was met during the year. We expect performance to have improved further, to over 88 per cent, by March 2008.
- 5.16 More generally, performance continues to improve across the industry, with increases in punctuality and reliability in all sectors, especially for London and South East operators. At the same time, more rail passengers than ever before are satisfied with their overall journey. Passenger Focus, the body responsible for the National Passenger Survey, reported that 80 per cent of passengers were satisfied with their journey in autumn 2005.
- 5.17 Over 700 new rail vehicles came into service during 2005, as part of the biggest rolling stock replacement programme ever seen in the country. This takes the total number of new vehicles to have entered service since 1999 to over 4,000.
- 5.18 ORR set NR a 31 per cent efficiency savings target by 2008-09. At the end of 2005-06, the company is on course to deliver the full saving.

Punctuality and reliability

- 5.19 Punctuality and reliability continue to improve. Confirmed figures show that the moving annual average for punctuality at February 2006 was 86.2 per cent, up 2.8 percentage points on the previous year, and higher than the pre-Hatfield level of 86.1 per cent in October 2001. Performance has improved in all sectors compared to last year. In the London and South East sector, the moving annual average was 87.7 per cent at February 2006, an increase of 3.4 percentage points. The overall Regional sector figure was 84.8 per cent, up 2.1 percentage points, and the figure for the Long Distance sector was 82.2 per cent, up 3.7 percentage points. Figure 5a shows the position in more detail.

Figure 5a: Public Performance Measure (PPM) moving annual average percentage of trains arriving on time, April 1998 to March 2006



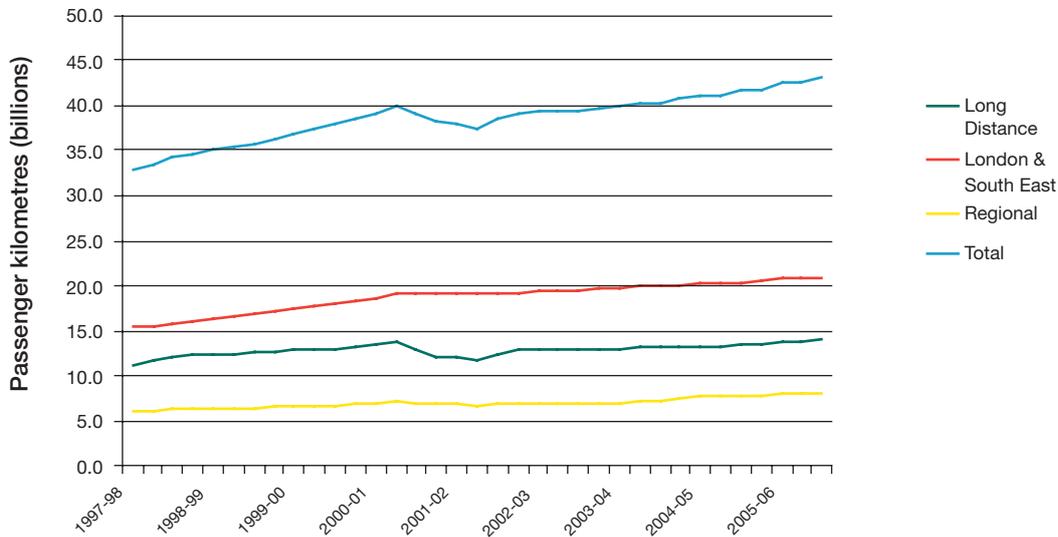
5.20 To ensure more effective management of the performance of the network as a whole, NR was established as the single point of responsibility for industry performance on 4 April 2005, as set out in the Rail White Paper.

5.21 NR and the train operating companies continue to drive performance improvement through their Joint Performance Improvement Plans. Cross-industry co-operation and planning have led to a reduction of 15 per cent in total delay minutes for the year to December compared with the previous year.

Passenger use

5.22 At the end of 2005, passenger kilometres travelled were 12.6 per cent above the level at the start of the 10 Year Plan and were 33.8 per cent higher than in April 1997. In 2005, 43 billion passenger kilometres were travelled by rail in comparison with 41.7 billion in the previous year. In terms of distance travelled, people are using the railways more than at any other time since 1946. Figure 5b shows recent passenger use of the railway.

Figure 5b: Passenger kilometres (billions) rolling annual total from April 1997 to December 2005



Franchising

5.23 A new standard model franchise agreement which implements the White Paper commitments is being progressively introduced and has been used for a number of franchises that have been retendered in the course of the year. As anticipated in last year’s report, the bidding process has been changed at the same time in order to ensure that the bidders’ record in customer service and financial management is taken fully into account when decisions are made about the award of franchises.

5.24 Progress continues to be made towards reducing the total number of franchises from 25 to 19. This was a process begun last year with the objective of aligning franchises more closely with NR’s regional structure and so improving joint working between operators and NR. The award of the Greater Western Franchise in December 2005 was the first step in the process since the one new franchise replaced the former Great Western, Great Western Link and Wessex operations. Similarly, the new Thameslink franchise, also awarded in December, replaces the former Thameslink operation and combines it with the Great Northern part of the old WAGN franchise.

5.25 In November, the Department announced the award of the new Intergrated Kent Franchise. This replaces the former South Eastern Trains but also incorporates operation of domestic services on the Channel Tunnel Rail Link (CTRL) which are due to begin in 2009.

Quality of service

5.26 Passenger Focus reported the findings from the autumn 2005 passenger satisfaction survey, which showed that 80 per cent of rail passengers were fairly or very satisfied with the journey just completed. This figure has increased from 77 per cent in the spring 2005 survey and 76 per cent in autumn 2004.

5.27 Figure 5c shows customers' general satisfaction with their rail journey, as well as satisfaction levels for four other factors that passengers had previously rated as high priorities for improvement. Most of these factors have seen significant improvement in the levels of satisfaction since the autumn 2004 survey.

Figure 5c: Passenger satisfaction – percentage satisfied

| | Autumn 2005 | Spring 2005 | Autumn 2004 |
|-------------------------|-------------|-------------|-------------|
| Overall satisfaction | 80 | 77 | 76 |
| Punctuality/Reliability | 77 | 74 | 71 |
| Frequency of trains | 77 | 74 | 73 |
| Value for money | 45 | 41 | 44 |
| Train Information | 77 | 75 | 74 |

Investment and capacity enhancement

Rolling stock

5.28 The average age of the passenger rolling stock fleet continues to fall. At the end of 2000 it stood at 20.67 years and by the end of 2005 it had reduced to 12.98 years. This reflects in particular, the complete replacement of older trains on the Cross Country and West Coast franchises and elimination of slam door carriages on lines south of the Thames.

- 5.29 The replacement of 2000 slam door vehicles was completed in November 2005. Closely related to their replacement was the £600 million project to upgrade the power supply across the affected routes which is now substantially complete.
- 5.30 The Department is leading a project to procure a modern, high-quality replacement for the existing high-speed train fleet which is used for long distance services in the Greater Western, East Coast and Midland Main Line franchises. We will continue to work closely with the rail industry and passenger groups to scope and test the new design so that it can be introduced smoothly and without any loss of reliability.

Freight

- 5.31 The White Paper set out a better deal for freight that would enable the industry and its customers to invest for the long term. During 2005, ORR published its final conclusions on Long Term Access Contracts, delivering a framework for contracts of up to 10 years, or longer in exceptional circumstances, and providing the commercial stability and security needed to sustain the growth seen since 1995.
- 5.32 The industry is also working together to produce the Freight Route Utilisation Strategy (Freight RUS). Co-ordinated by NR, the Freight RUS will consider existing freight capacity and capability and the potential for freight capacity enhancements on the key freight routes, based on industry freight demand forecasts. The Freight RUS will be used to inform the line-specific RUSs and the High Level Output Specification, and a consultation document will be published in September 2006.
- 5.33 July 2005 also saw the Secretary of State issue the Rail Freight Statement, detailing the rail freight responsibilities of the Department, and reaffirming the policies that facilitate the continuing growth of this sector (for more information on Freight see Chapter 9).

Capacity utilisation

- 5.34 RUSs are designed as industry policy documents, detailing how best use may be made of existing network capacity, and what steps will need to be taken to enhance capacity where forecasts of growth suggest that enhancement will become necessary. The SRA

completed and published the first three RUSs: for the Midland Main Line (April 2004), Great Western Main Line (June 2005) and the West Midlands (July 2005). The Department completed the outstanding work on the SRA's RUS for the Brighton Main Line and published it in February 2006. The responsibility for RUSs has now passed to NR, who published the South Western Main Line in March 2006, and intend to publish the next three later in 2006: Cross London (summer 2006), and North West and East Coast Main Line (autumn 2006). The Department is working closely with NR, within NR's structure of Stakeholder Management Groups, advising on specific requirements for each RUS.

Future capacity

5.35 The SRA's strategic role for the sponsorship of network capacity has now passed to the Department. The responsibility for the identification and development of minor enhancement schemes, however, has now become a part of NR's stewardship and renewals role. The Department will continue to develop and oversee major projects, such as the construction or upgrade of major lines, and will determine the approach and the method of delivery. Schemes currently in hand or in development include West Coast Route Modernisation, Channel Tunnel Rail Link (CTRL), Crossrail the Thameslink Programme and the King's Cross Station re-development. Further details of each are set out in the following sections.

West Coast Route Modernisation

5.36 Substantial progress has been made with this project to renew and modernise the West Coast Main Line, which is the busiest and most important trunk route on Britain's rail network. This is a £7.6 billion project led by the Department, but delivered through NR and the various train operators. Teamwork throughout the railway industry has led to the successful implementation of key stages of the project and has enabled good progress to be made with the remainder. The full project is due to be substantially complete by 2008.

- 5.37 The project reached its first major milestone at the end of September 2004 with the upgrading of the infrastructure to accommodate Virgin's Pendolino trains running at 125 mph from London to Manchester. The second stage saw the 125 mph railway reach Liverpool and Preston, with the introduction of the class 350 Desiro train to carry passengers on the West Coast's commuter services. The third stage saw the whole route up to Glasgow modernised with the capability of running faster trains in December 2005.
- 5.38 Since December 2005 the programme has moved into a different phase, with projects in the Trent Valley, at Rugby and at Nuneaton, which will increase capacity along the railway. There will also be further major project work on the Crewe to Cheadle Hulme route, modernising and upgrading the track work and installing a new signalling system. Another major project, to replace and upgrade the power supply system providing power directly from the National Grid, will support speed increases and growth in both passenger and freight use.

Channel Tunnel Rail Link (CTRL)

- 5.39 Section one of the CTRL from the Channel Tunnel to North Kent opened in 2003, reducing the journey time from London to Paris and Brussels by 20 minutes. It has also improved the punctuality of Eurostar services. The construction of Section Two from North Kent to St Pancras is now more than 86 per cent complete and it is expected to open in 2007, reducing the journey time by a further 15-20 minutes. A new depot for Eurostar trains is being constructed at Temple Mills, Stratford, to replace the North Pole Depot in West London, and will be completed in time for the opening of Section Two.

Crossrail

- 5.40 Crossrail is a major new cross-London rail link project to serve London and South East England. The project includes the construction of a twin-bore tunnel on a west-east alignment under central London between Paddington and Whitechapel and the upgrading of existing lines to the east and west of central London.
- 5.41 Crossrail will provide fast, efficient and convenient rail access to the West End and the City by linking existing routes from Shenfield and Abbey Wood in the east with Maidenhead and Heathrow in the west.

5.42 Crossrail's key objectives are to:

- support the development of London as a World City, and its role as the financial centre of Europe and the UK;
- support the economic growth of London and its regeneration areas by tackling congestion and the lack of capacity on the existing rail network; and
- improve rail access into and within London.

5.43 The Government introduced a hybrid Bill into Parliament on 22 February 2005 to provide the powers to implement the scheme, and the Bill was given its Second Reading in July 2005. A number of petitions have been lodged against the Bill and these will be considered in the normal way by a Select Committee of the House of Commons. The Committee held its first public hearing on 17 January 2006.

5.44 The estimated cost of the project is around £10 billion (in 2002 prices). The Department and HM Treasury are taking work on a funding solution forward with the Mayor of London.

Thameslink

5.45 The Thameslink Route Modernisation (Thameslink 2000) project would increase passenger carrying capability on the north-south axis through London.

5.46 In 2003, the decision on applications seeking powers to construct and operate the scheme was deferred because of deficiencies in the proposals. In the autumn of 2004, NR submitted revised applications to remedy these deficiencies and the Transport and Works Act (TWA) 1992 inquiry was held between September and December 2005. The Inspector's report was submitted to the Secretary of State and the Deputy Prime Minister in February 2006, and is now under consideration.

5.47 Subject to the outcome of the TWA inquiry, the Government will consider the case for investment in the Thameslink Route Modernisation as part of its overall spending plans.

King's Cross Station

- 5.48 Major re-development and expansion of the King's Cross underground and rail stations are currently underway by both London Underground Ltd (LUL) and NR. LUL works at King's Cross will see passenger capacity boosted at the station to enable the Underground to cope with increased passenger numbers generated by the neighbouring CTRL station at St Pancras once it is operational in 2007.
- 5.49 Phase one of the project, which is already well under way, will see the expansion of the existing Underground ticket hall and construction of a new sub-surface Western Ticket Hall above the Metropolitan and Circle Line platforms in front of St Pancras station.
- 5.50 Phase two work consists of the construction of a new underground Northern Ticket Hall, and associated tunnelling, built north of Phase One between King's Cross and St Pancras stations. The Northern Ticket Hall will be located under the new NR Western Concourse and will handle CTRL passengers and provide new underground links to the Victoria, Piccadilly and Northern Lines.
- 5.51 NR works at King's Cross relate to the construction of a new Western Concourse to replace the Southern Concourse, for which the planning consent has expired. The new 3,000m² concourse (three times the size of the existing one) will be built on top of the new LUL Northern Ticket Hall and will finally bring the suburban and intercity stations together properly, and will give a greater circulation space as well as easier access to St Pancras whose Kent domestic platforms will be opposite.
- 5.52 There is a Ministerial commitment to the International Olympic Committee that both the LUL Northern Ticket Hall and the NR Western Concourse will be in place for the 2012 Olympics.

Accessibility

- 5.53 Since the introduction in 1998 of the Rail Vehicle Accessibility Regulations, there has been a steady increase in the number of fully accessible rail vehicles on the network. By the end of 2005, over 4,300 compliant vehicles had already been introduced. This figure will increase by 300 vehicles when the new Transpennine and Integrated Kent Franchise fleets are introduced. In addition, GNER have carried out a major refurbishment of the 300 vehicles in their IC225 fleet. The work includes a number of accessibility improvements.

- 5.54 Provisions introduced in the Disability Discrimination Act 2005 will build on that progress by enabling the application of accessibility regulations to rail vehicles when they are refurbished. That Act also allows an end-date of no later than 1 January 2020, to be set, by which time all passenger rail vehicles will have to meet those regulations. The Department will also be introducing compliance certification and a new enforcement regime. We will be consulting on draft regulations in due course.
- 5.55 Having accessible vehicles is, however, only part of the solution; there is also a need to improve accessibility of the associated infrastructure. In March 2005 Ministers announced over £370 million ring-fenced funding to deliver a programme of station access improvements across the rail network over the next 10 years.
- 5.56 The Government intends that the funding will be used primarily to improve station infrastructure at the busiest stations and will provide an accessible route from the car park and drop-off points, through a station and to and between its platforms. The stations funded from this source will be additional to those secured through existing station renewals, train operating company franchise commitments or from other non-rail sources for example private developers. Funds will also be targeted at improving access at smaller rural stations to improve the accessibility of the network as a whole. The strategy, *Railways for all: The Accessibility Strategy for Great Britain's Railways*, published on 23 March, explains which stations will be targeted to receive funding.

Railways expenditure

| Figure 5d: Railways expenditure 2000-01 to 2007-08 ^{1, 2} | | | | | | | | £ million |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|--------------------|------------------|
| | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans |
| Direct support for passenger rail Services | 1,062 ³ | 738 | 930 | 1,225 ⁵ | 878 | 812 | 1,075 ⁹ | 929 |
| Grants to PTE's | 5 | 214 | 245 | 294 | 277 | 267 | 285 | 283 |
| Direct grants to Network Rail | 0 | 499 | 792 ⁴ | 1,448 | 2,058 | 1,984 | 2,671 ⁸ | 2,620 |
| CTRL Grants | 23 | 342 | 1,362 | 1,295 | 312 | 1,380 | 1,181 | 180 |
| Freight Grants⁶ | 35 | 57 | 49 | 32 | 26 | 5 | 0 | 0 |
| Other⁷ | 177 | 273 | 390 | 394 | 296 | 134 | 201 | 175 |
| Total | 1,302 | 2,134 | 3,768 | 4,688 | 3,747 | 4,582 | 5,554 | 4,328 |
| Total adjusted for inflation | 1,444 | 2,309 | 3,952 | 4,791 | 3,747 | 4,440 | 5,311 | 4,031 |

¹ Figures up to and including 2000-01 are on a cash accounting basis. Those from 2001-02 onwards are on a resource accounting basis.

² Prior to 2004-05 expenditure relates to spending by the Strategic Rail Authority (SRA) and the DfT. During 2005-06 the functions and spending of the Strategic Rail Authority (SRA) have been progressively transferred to the DfT in accordance with the Railways Act 2005. This table represents the combined spending of the SRA and its predecessor bodies, the DfT Rail Directorate prior to the relevant parts of the Railways Act being commenced and the new DfT Rail Group. From 2006-07 onwards figures show planned spending by the DfT Rail Group.

³ Figures include funding of the Scottish franchise. On 1 April 2001, the Scottish Executive took over the DfT's responsibility for providing grant to fund that franchise.

⁴ Figure includes a grant payment of £300 million to Network Rail to facilitate the purchase of Railtrack.

⁵ Figure includes £700 million paid directly to Train Operating Companies that was subsequently deemed to be in respect of capital investment undertaken by Network Rail.

⁶ Responsibility for the payment of Freight Grants transferred from the SRA to Logistics Division in DfT on 26 June 2005. The figure in this table shows spending by the SRA prior to that transfer.

⁷ Figures include payments in respect of rail industry pensions, external costs in connection with specifying and procuring rail franchises and in managing rail projects and payments to The British Transport Police, the Rail Passengers Council, the Rail Heritage Committee and British Rail (Residuary) Ltd.

⁸ From 2006-07 onwards responsibility for paying grants to Network Rail for the rail network in Scotland has been transferred to Scottish Ministers. Spending plans in this table from 2006-07 onwards are in respect of the English and Welsh elements of the railway.

⁹ From 2006-07, responsibility for making payments for franchised rail services in Wales transferred to the Welsh Assembly Government. Spending plans in this table from 2006-07 onwards in respect of direct support for passenger rail services are in respect of services operating in England.

Network Rail (NR)

- 5.57 NR is a private-sector ‘company limited by guarantee’ which is owned by and is accountable to its members. Members are drawn from railway stakeholders, including passenger representative groups and those in the rail industry, such as the train companies. NR is also accountable to ORR under its licence, and ORR produces regular monitoring reports on key aspects of NR’s performance.
- 5.58 In future, the Government will set railway strategy, and specify the outputs it wants the railway to deliver and the funding available to do this. It remains, however, for ORR to determine, on the basis of the funds available, what outputs NR should deliver and how much income it needs to do so. ORR also remain responsible for monitoring how well NR is doing, and taking action in the event of poor performance. As part of this, during the year, the Department established a regular reporting arrangement with NR so that it can share in information on the company’s progress.
- 5.59 ORR modified NR’s network licence in June 2005, to require NR to prepare RUSs across the network, as part of the Rail Review reforms. These were previously prepared by the SRA. RUSs seek to balance capacity, passenger and freight demand, operational performance and cost, to address the requirements of funders and stakeholders. The first RUS prepared by NR, covering the South West Main Line, was published in March 2006.
- 5.60 NR is now the single point of responsibility for the punctuality performance of the whole railway. It is forecasting total annual delay minutes it causes for 2005-06 of 10.6 million against a regulatory target of 11.3 million minutes. This compares with 17.4 million delay minutes due to Railtrack in in 2000-01, the year of the Hatfield accident. ORR’s regular quarterly monitoring reports on NR’s overall performance, make it clear that the company has continued to show steady improvement against most key measures, including safety, train performance and reductions in asset failures.

- 5.61 NR's latest forecast for operations, maintenance and renewal expenditure in 2005-06 is £4.9 billion. NR's forecasts for expenditure until 2008-09 as set out in their 2006 Business Plan, are broadly consistent with the final conclusions from ORR's Access Charge Review 2003, which set NR's total expenditure allowances and output targets for the five years from 1 April 2004 to 31 March 2009.
- 5.62 NR achieved efficiency savings of 8 per cent in 2004-05 as a first step towards delivering the 31 per cent saving by 2008-09 required by ORR. It is on course to deliver the required saving for 2005-06 as well.

The Office of Rail Regulation (ORR)

- 5.63 ORR is an independent non-Ministerial Government department responsible for the regulation of the railways in Great Britain. ORR's aim is to apply independent, fair and effective regulation to enable the railway to be safe, well maintained and efficient and to ensure that it provides value for money for users and for its funders.
- 5.64 Over the course of the year, ORR has continued to carry out its key functions, at the same time as working towards the effective and seamless transfer of responsibility for railway health and safety regulation from the Health and Safety Commission (HSC) /Executive (HSE) in the early part of 2006-07.
- 5.65 In April ORR published its Corporate Strategy 2005-08. Underpinned by a more detailed business plan, this document set out ORR's approach to the regulation of the rail industry over the next three years. Publication followed an extensive consultation exercise which provided an opportunity for funders and other stakeholders to understand, comment on and endorse ORR's role, priorities and costs. In December ORR began consultation on an update to the Corporate Strategy, taking account of developments over the past year, including how it will carry out its new role as the combined safety and economic regulator for the railway industry. Thirteen consultation responses were received. The bulk of them were broadly supportive of the approach proposed in the document.

5.66 In August 2005 ORR published its first consultation documents on the Periodic Review 2008, a key workstream beginning the process of resetting the terms of the regulatory contract for the following control period starting in April 2009. Other key outputs included:

- proposals to update the criteria and procedures for its consideration of track access contracts;
- the introduction of simplified licences for train, station, network and light maintenance depot operators;
- a policy framework to facilitate investment in the railways;
- establishment of an information network to facilitate better industry decision making and increase public accountability;
- further steps to facilitate reform of the Network Code (the common set of provisions contained in contracts between Network Rail and train operators); and
- the conclusions of the review of the structure of cost and charges.

5.67 In January 2006 ORR published a statement explaining that it was minded to approve access rights on the East Coast Main Line for three new daily direct services between Sunderland and London, to be run by ‘open-access’ company Grand Central. Following comments on the proposed decision and a hearing held on 6 March, the ORR confirmed its decision. The new services are expected to begin in early 2007. In recognition of the needs of other passenger and freight operators, including the potential value to rail users of additional services between London and Leeds, the ORR also asked NR to undertake further work urgently to establish whether capacity is available for additional services by existing operators.

5.68 During the year, ORR became increasingly concerned that Network Rail was failing to ensure that the information it made available to its customers and funders was accurate. This information is important to enable train operators, particularly those in the freight industry to plan their businesses, for ORR in considering the allocation of capacity, and for funders in considering investment, and ORR concluded in March 2006 that Network Rail’s failure constituted a breach of Condition 7 of its network licence.

European Union (EU)

- 5.69 The Department continues to engage fully with the European institutions on the development of legislation to create a single European rail area. Working closely with UK industry and customer stakeholders, the Department aims to ensure that the objectives of EU and UK policy are fully aligned and support the development of a more efficient, higher-quality, railway.
- 5.70 During 2005-06 considerable progress was made in negotiations on the European Commission's (EC) proposed Third Railway Package. In December 2005, under the UK Presidency of the EU, political agreement was reached in the Transport Council on three of these proposals – international passenger service liberalisation, international rail passengers' rights, and train driver licensing.
- 5.71 These measures, if subsequently agreed with the European Parliament, will:
- provide important new commercial opportunities for train operators, while protecting public services;
 - strengthen rights for international rail passengers on matters such as delay compensation, travel information and assistance for persons of reduced mobility; and
 - make it easier for train drivers to drive trains in different countries, while safeguarding safety levels.
- 5.72 In November 2005 the Department completed implementation of the EC First Rail Package and the freight open access provisions of the Second Rail Package. This has made mainly technical changes to the existing systems of track access and train operator regulation in Great Britain to facilitate open access freight operations in the EU. New regulations completing the implementation of the EC interoperability and rail safety Directives on the main British network come into force at the beginning of April 2006. These provide for the gradual application of common EC specifications and processes for the bringing into service of railway equipment and the management of rail safety, involving significant changes to current approvals processes and safety management arrangements. The application of common EC specifications has the potential to yield significant cost savings in the

longer term. The Department and the UK rail industry are working closely with the European Rail Agency on the detailed development of the common EC specifications that the Directives require to be established (also see Appendix G)

Useful websites

EU legislation

<http://europa.eu.int/scadplus/leg/en/s13002.htm>

Network Rail

www.networkrail.co.uk

Office of Rail Regulation

www.rail-reg.gov.uk

Chapter 6

Buses

6.1 Buses are the most commonly used form of public transport, accounting for four billion passenger journeys a year. They are essential for the delivery of the Department's objectives to manage traffic congestion, improve accessibility to schools, hospitals, shops and other essential services, and meet challenging air quality and climate change targets.

Strategy and objectives

6.2 Tackling congestion in our towns and cities continues to be a priority objective for the Department and we have an agreed Public Service Agreement (PSA) target to increase bus and light rail use in England by 12 per cent, with growth in every region.

6.3 The Department's overall strategy for buses seeks to encourage bus operators and local authorities to work in partnership to improve bus service provision and to ensure that buses play their full part in achieving wider social and environmental objectives. Our aim is to encourage improved services and patronage within the existing regulatory framework while keeping under review the case for further changes to that framework.

6.4 We have also delivered on a number of specific objectives which are explained below:

- leadership of the Bus Partnership Forum, for instance in developing guidance on statutory quality partnerships;
- free concessionary fares for older and disabled people, began in April 2006;
- improvements to the ability of local authorities to implement and enforce bus lanes;
- approval of 43 Kickstart schemes; and
- introduction of a step change to the ability of local authorities to plan an efficient and effective strategy for delivering accessibility and social inclusion.

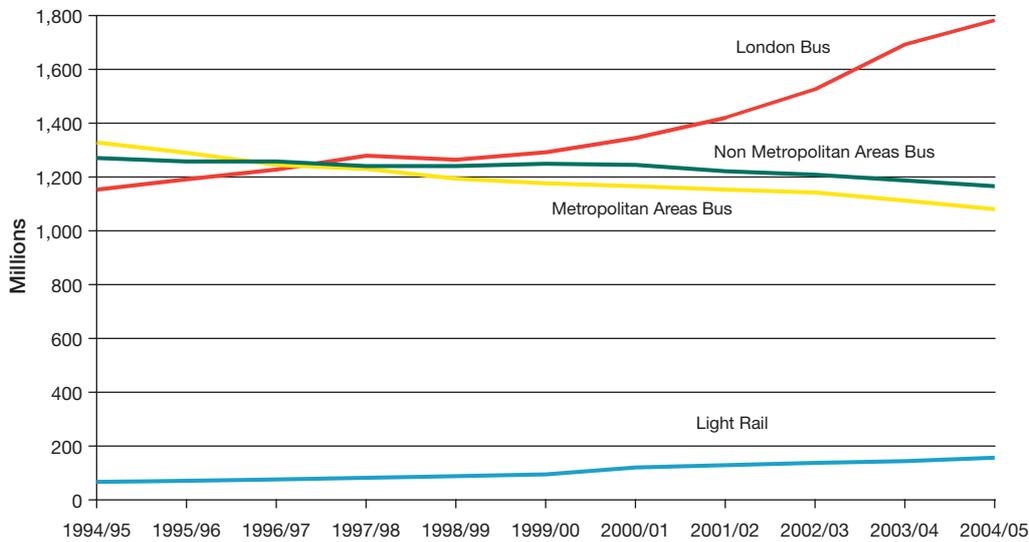
Responsibility for delivery

- 6.5 Whilst the Department has a responsibility for the overall regulatory and policy framework for the delivery of bus services in England, the majority of bus services outside London (some 80 per cent of the network) are provided commercially by bus companies responding to market demand. Local authorities have responsibility for putting into place a bus strategy for their area, as part of their Local Transport Plan (LTP). They also specify and subsidise that part of the network (currently around 20 per cent) which is socially necessary but which is not provided commercially. Local authority highways and traffic management responsibilities are also very relevant to improving bus services. The Department provides funding to local authorities for local transport capital schemes, many of which are to assist bus operation.

Progress in delivering objectives

- 6.6 In relation to the PSA target, in 2004-05 bus patronage increased by 1 per cent and light rail use grew by 8.25 per cent. Overall growth in local public transport patronage was 1 per cent.
- 6.7 Regional growth was patchy. Patronage continued to increase in London, up 5.3 per cent in 2004-05. Outside the capital, most regions continued to see declining bus use. However, slight increases in patronage in two regions (South East and South West) may suggest that a corner has been turned.
- 6.8 Across every region, the evidence continues to be that where bus patronage is increasing, a strong partnership based on commitment to mutually-beneficial objectives has been developed between operators and the local authority. Such partnerships have been key to delivering essential car restraint coupled with a high-quality, reliable and affordable public transport alternative. The Department will work with authorities across the country, in particular those in key urban areas, to ensure that similar working relationships are being vigorously pursued. Bus and light rail patronage over the last 10 years is shown in Figure 6a. For more on light rail, see Chapter 7.

Figure 6a: English bus and light rail passenger journeys 1994-95 to 2004-05



Central and local government spending to support bus services

6.9 Support is given to the bus industry in a variety of ways. Central and local government provide revenue support in various ways – see below. Capital funding to local authorities supports bus priority measures and other bus infrastructure such as bus stations and shelters. Figure 6b sets out details of central Government revenue spending on local bus services.

| Figure 6b: Bus spending by central Government ^{1, 2, 3} | | | | | | | | £ million | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1999-00 Outturn | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans |
| Bus Service Operators' Grant ⁴ | 277 | 301 | 304 | 317 | 341 | 362 | 374 | 398 | 417 |
| Other bus grants ⁵ | 35 | 45 | 50 | 75 | 80 | 84 | 80 | 80 | 64 |
| Total | 312 | 346 | 354 | 392 | 421 | 446 | 454 | 478 | 481 |
| Total adjusted for inflation | 350 | 384 | 383 | 411 | 430 | 446 | 445 | 457 | 448 |

¹ Excludes local authority expenditure on concessionary fares and other public transport support for socially necessary bus services that is funded by the Revenue Support Grant. Total revenue support for buses exceeds £1 billion a year.

² Figures include local transport spending in London until the end of June 2000 but exclude London thereafter.

³ Excludes expenditure of £244 million and minus £152 million for the years 1998-99 and 1999-2000 in respect of the National Bus Company pensions settlement.

⁴ England only from 2000-01. The Bus Service Operators' Grant was formerly known as the Fuel Duty Rebate.

⁵ Includes Rural Bus Subsidy Grant, Rural Bus Challenge, Urban Bus Challenge and 'Kickstart' bus projects.

6.10 There are a number of funding streams provided by central and local government to support local bus services. In summary, these are:

- Bus Service Operators' Grant (BSOG), paid by DfT to all local bus services in England that are open to the general public;
- Rural Bus Subsidy Grant (RBSG), paid by DfT to local authorities with rural areas, used to fund tendered bus services that are not provided commercially;
- discretionary payments by local authorities outside London for contracted socially necessary services that are not provided commercially;
- meeting existing commitments for payments related to awards made to local authorities under the Rural and Urban Bus Challenge (RUBC) schemes;
- payments by Transport for London (TfL) for all contracted London bus services; and
- reimbursement payments by local authorities across England to bus operators for providing concessionary fares to older and disabled people and, in some areas, for children.

- 6.11 The Department pays the BSOG (formerly the Fuel Duty Rebate) to all operators of local bus services for the general public and, since May 2002, to a wide range of community transport services. It reimburses 80 per cent of the fuel duty on ultra-low sulphur diesel (100 per cent for new, cleaner fuels), amounting to £374 million in England in 2005-06. This reduces operators' costs, making more service available and helping to keep fares down.
- 6.12 The RBSG was increased to £53 million in 2005-06 compared with £51 million in the previous year. In 2004-05, it supported over 2,000 services on which some 30 million passenger journeys were made. The continuation of the grant beyond March 2006 was announced in *The Future of Transport*.
- 6.13 In 2005-06 some £27 million was paid to local authorities as grants to meet commitments made from awards under the RUBC schemes. The Department will continue to fund all the awards made to existing schemes although the 2003 Bus Challenge rounds were the last held under these schemes.
- 6.14 As part of the 2003 Bus Challenge competitions 18 pilot schemes were awarded Kickstart funding with the aim of encouraging the development of new and improved services that have the clear potential to contribute to the growth in bus use and to become self-supporting after an initial period. A further competition was held in 2005 and as a result, 43 local authority schemes developed in partnership with bus operators, were awarded £20 million funding, typically to be spent over three years. The Department, jointly with the Scottish Executive, has recently commissioned research to evaluate this initiative.

Other initiatives to promote better bus services

- 6.15 An essential factor in improving bus services in many towns and cities is the provision of bus lanes and their effective enforcement. In November 2005 we introduced regulations which for the first time will allow local authorities outside London to carry out bus lane enforcement themselves with the aid of evidence from approved cameras. The regulations apply currently to any local authority which has obtained decriminalised parking powers under the Road Traffic

Act 1991. The availability of this option should encourage provision of more bus lanes, and the more effective use of those that already exist, enabling services to run faster and more reliably.

- 6.16 A regulatory reform order to remove four small but significant administrative burdens affecting bus service provision has passed the first Parliamentary stage of scrutiny under the Regulatory Reform Act 2001.

Bus Quality Contracts Schemes

- 6.17 In January 2005 the DfT published guidance on quality contracts schemes. There has since been increased interest in developing these schemes, particularly from the Passenger Transport Executives. In January 2006, two of them tested the market by advertising for expressions of interest in the *Official Journal of the European Communities*. However, no scheme has yet reached the stage of public consultation. We expect to receive some applications for approval during 2006-7 relating to policies in the bus strategies produced as part of the second round of LTPs.
- 6.18 The Railways Act 2005 includes a provision applying different criteria for the approval of quality contracts schemes where they are linked to the reduction of rail services and their replacement by bus.

Concessionary travel

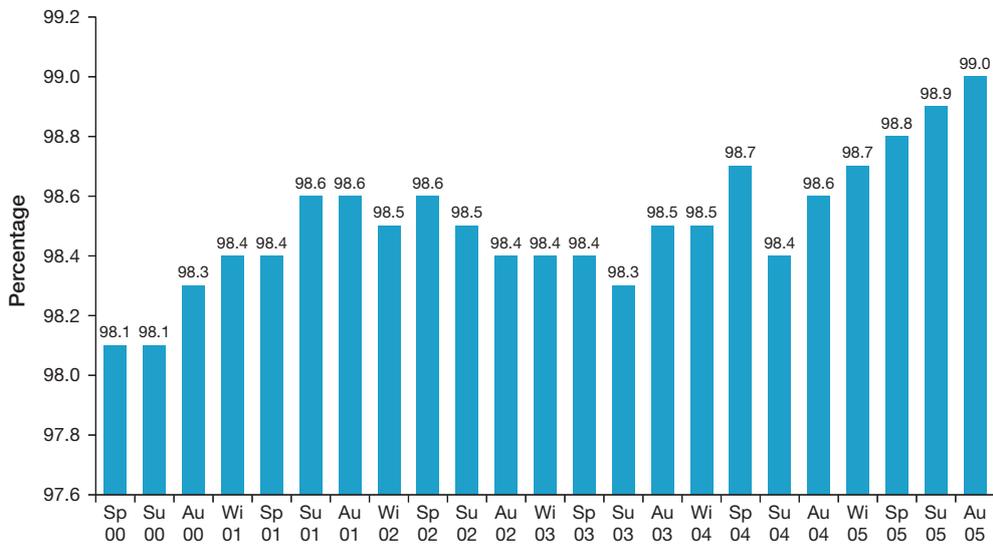
- 6.19 The Chancellor announced in the Budget on 16 March 2005 that free off-peak concessionary travel will be introduced on local bus services in England for people aged 60 and over and disabled people. Following the announcement, the DfT set up a Concessionary Fares Working Group (CFWG), consisting of representatives from local authorities and the bus industry to advise on implementation. In consultation with the CFWG, the Department issued guidance to assist local authorities implementing the revised statutory minimum requirement. The guidance included a 'toolkit' to help authorities calculate the costs of reimbursing the bus operators, this will help authorities forecast the level of generated trips. The local government finance settlement confirmed an extra £350 million to local authorities for 2006-07 which will be sufficient in aggregate to cover the additional cost of providing free off-peak local bus travel.

6.20 On 22 March 2006 the Government announced that this local entitlement to free bus travel would be extended from April 2008 to allow older and disabled people in England, local bus travel in every area of the country. We will consult with local authorities, bus operators, and other interested parties on the best framework for delivering this entitlement.

Bus reliability

6.21 The Department collects data on bus service reliability – the percentage of scheduled service run, excluding losses for reasons outside the operator’s control. These data, seasonally adjusted, are shown in Figure 6c. Bus reliability, has improved from the baseline of 98.2 per cent in 2000-01 to 98.9. per cent in the year to autumn 2005.

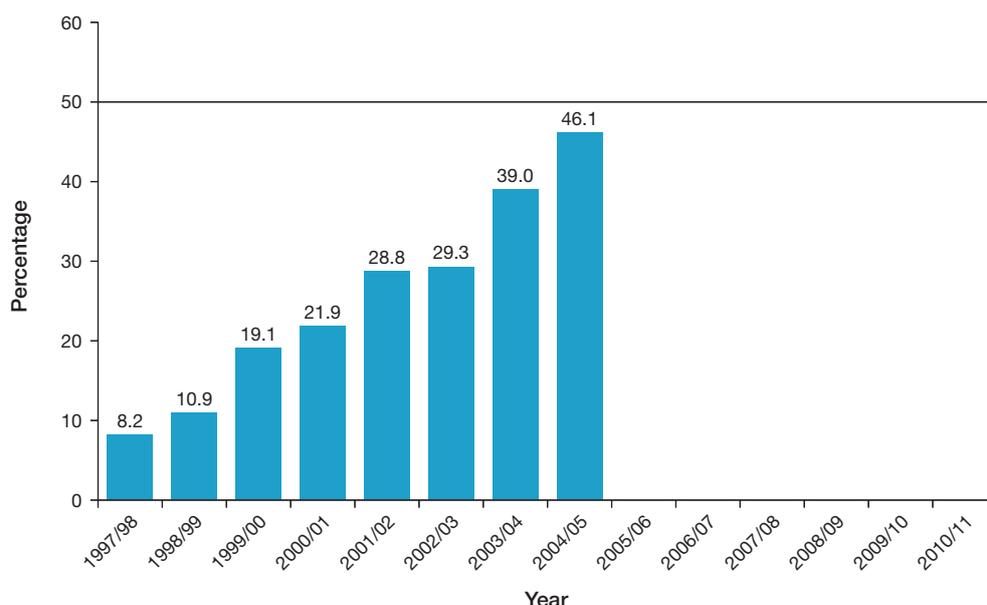
Figure 6c: Percentage of local bus mileage run in England (excluding losses outside operators’ control): spring 2000 to autumn 2005



Accessible buses

- 6.22** Addressing the transport and mobility needs of disabled people is a key area. The Department continues to build on the progress that has already been made following the introduction of accessibility regulations for buses, coaches and trains under the Disability Discrimination Act 1995.
- 6.23** The PSV Accessibility Regulations 2000 (PSVAR 2000) require buses and coaches, with a capacity exceeding 22 passengers, used on local or scheduled services to be accessible to disabled people, including wheelchair users. This applies to new buses over 7.5 tonnes from 31 December 2000 and new buses under 7.5 tonnes and new coaches from 1 January 2005. It will apply to all buses from 2015-17 (depending on size) and all coaches from 2020.
- 6.24** We have agreed with the Confederation of Passenger Transport that 50 per cent of full-size buses in Great Britain will be accessible to wheelchair users by 2010. Figure 6d shows that this percentage has risen from 8 per cent in 1997-98 to 46 per cent in 2004-05 across Great Britain. The London fleet now comprises 100 per cent accessible vehicles.

Figure 6d: Percentage of full-size fleet that is wheelchair accessible



Quality of service

- 6.25 Following the 1 January 2005 implementation date, we have continued to work with coach manufacturers and operators, and have seen the development and introduction into service of several innovative vehicle designs for providing wheelchair access to these high-floor vehicles. A series of quarterly interviews are conducted for the Department to measure bus passenger satisfaction in England. Passengers are interviewed as they alight local bus services and are asked, among other things, to rate their satisfaction with various aspects of the journey just completed. Seasonally adjusted scores for satisfaction with overall service and satisfaction with reliability, between spring (April-June) 2001 and summer (July-September) 2005, are shown in Figures 6e and 6f respectively.
- 6.26 Since 2001, overall satisfaction has risen from 79 to 82 out of 100 in England, with the most obvious increases in London. Satisfaction with reliability has risen from 64 to 68 out of 100 in England. For this measure, London and non-metropolitan areas have both witnessed a five point increase in ratings between spring 2001 and summer 2005. Of the other measures of satisfaction measured by the survey, satisfaction with bus stop information has shown noticeable improvements, steadily rising from 61 to 68 out of 100 in England. This measure of satisfaction improved most in areas outside of London. All data are seasonally adjusted.

Figure 6e: Bus passenger satisfaction rating: overall service spring 2000 to autumn 2005

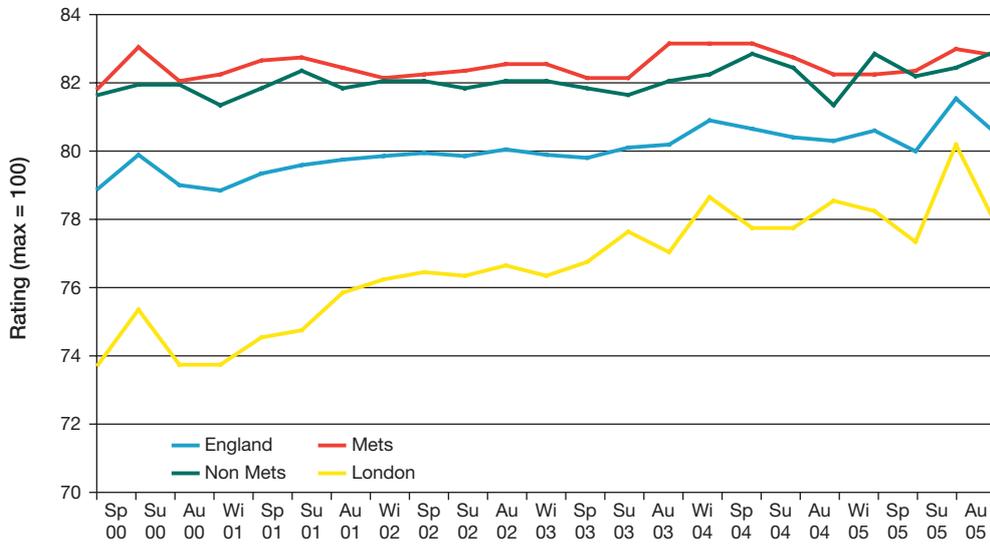
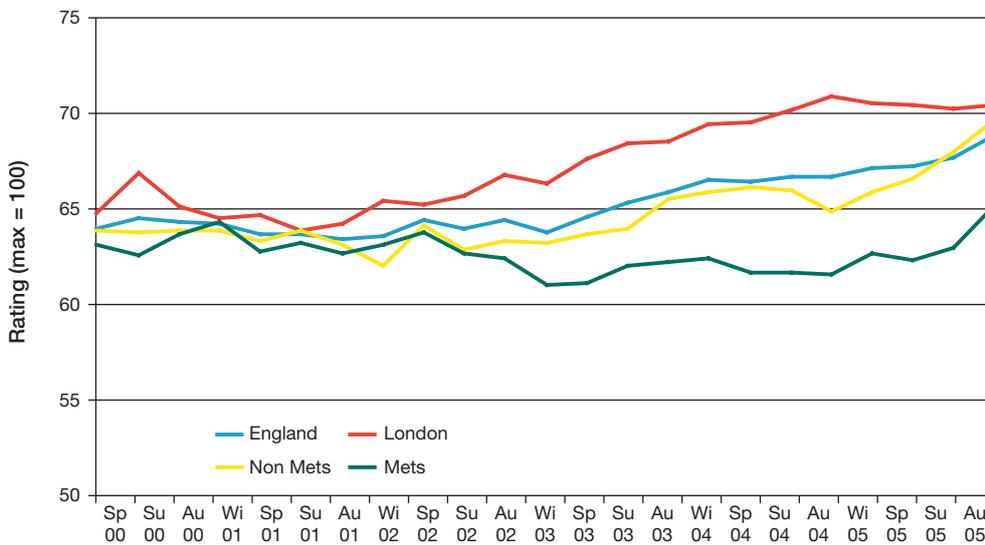


Figure 6f: Bus passenger satisfaction rating: reliability spring 2000 to autumn 2005



Personal security on buses

- 6.27 Crime and anti-social behaviour (and the negative perceptions that they generate) are contributory factors to declining bus use and staff retention problems for operators. In order to facilitate the development and spread of best practice on tackling such problems, the Department chairs and administers the Safer Travel on Buses and Coaches Panel (STOP), bringing together key stakeholders such as bus operators, local authorities, trade unions and the police. The Panel is currently working towards production of revised best practice and a follow-up event to the successful STOP conference in November 2004.

London's bus network

- 6.28 Bus services in London are run on a franchise basis on behalf of TfL. London's bus network is one of the largest and most comprehensive in the world. Every weekday 7,000 scheduled buses carry over 6 million passengers on more than 700 different routes, amounting to nearly 1.8 billion passengers a year. Operational mileage in London is now higher than at any time since 1957 (450 million kilometres in 2004-05). By the end of December 2005 all buses had been fitted with CCTV, and by the end of March 2006, 98 per cent of the bus fleet was under 10 years old.
- 6.29 London bus patronage grew by 38 per cent between 1996-97 and 2003-04, and increased by a further 5.3 per cent in 2004-05. Service reliability on London buses is at its best level since records began in 1977. In central London, these figures have been assisted by the introduction of congestion charging, and buses continue to experience significant gains in reliability in and around the charging zone. Delays to buses from traffic congestion have fallen by 60 per cent. The policy to reduce cash collection on buses continues. This reduces bus boarding times and improves bus operating and road network efficiency.
- 6.30 Free travel on the buses and trams for all under-16s was introduced in September 2005. This is to be rolled out to under-18s in full-time education in September 2006.

- 6.31 For the second quarter of 2005-06, overall customer satisfaction for London buses stood at 79 per cent, reliability at 82 per cent, personal safety and security at 81 per cent and information at 75 per cent. These factors all affect the quality and provision of bus services. There are, of course, other factors which may affect the quality of services such as accessibility, congestion charging, other traffic management schemes and improvements in terms of transport security.

Taxis

- 6.32 Following the Office of Fair Trading (OFT) market study into the regulation of taxi and private hire vehicle services, the Department wrote to all licensing authorities that restricted taxi numbers and asked them to review and, if necessary, justify their policy publicly. Those authorities that decided to continue to restrict taxi numbers will be required to undertake a review of their policy every three years, with published conclusions, and to justify the policy in their LTPs.
- 6.33 Also following on from the OFT study, the Department has issued for consultation draft Best Practice Guidance to assist local taxi and private hire vehicle licensing authorities. Responses to the consultation showed that Best Practice Guidance would be welcome and has a valuable role to play in assisting decision making by licensing authorities. The wide range of comments received on the draft Guidance are now being considered and the intention is to publish the Guidance in its final form this spring.
- 6.34 As at the end of March 2006, the Department had received final responses from 114 of the 151 local authorities who had a policy of controlling taxi numbers. Of these, 44 had decided to remove the numerical limit they place on taxis.
- 6.35 The Department contributed towards the Office of the Deputy Prime Minister's (ODPM's) consultation on a draft Regulatory Reform Order which would remove the need for the Secretary of State to approve local authority resolutions to amalgamate taxi licensing zones.

Chapter 7

Making choices locally and regionally

- 7.1 This chapter sets out how the Department is helping local authorities and regional stakeholders to make the right choices in planning transport investment, and to plan, deliver and manage quality transport networks. The Government has set out through *The Future of Transport*, its strategy for achieving sustained improvements to the transport system in the country. To deliver these improvements on the ground the Government works in partnership with local authorities to ensure improvements to road safety, levels of congestion, public transport, air quality, local road maintenance and walking and cycling routes. This chapter also includes details about the light rail element of the local public transport Public Service Agreement (PSA) target and London Underground performance. Information about the bus element of the local transport PSA target and the road safety PSA target can be found in Chapters 6 and 11 respectively.
- 7.2 Through the sustained levels of investment for local transport of £8 billion between 2001-02 and 2005-06 and the *Full Guidance on Local Transport Plans*, the Government has put in place the conditions for local authorities to be able to deliver real improvements to local transport. Local authorities then have the responsibility to develop Local Transport Plans (LTPs) that help people to live better lives, by finding better ways to work, shop, study, exercise and enjoy their spare time. Local authorities through the delivery of their successful LTPs can also put in place the conditions for local public services to succeed, while making their communities safer, more prosperous, more attractive and more sustainable.

Local transport funding

- 7.3 There are two main ways in which the Government provides financial support for local authorities for transport. The bulk of funding is channelled through the Revenue Support Grant which is broadly used to support day-to-day expenditure. Financial support for investment (capital projects) is allocated on the basis of LTPs.

Revenue funding

- 7.4 Many transport services (such as routine highways maintenance and support for bus services) are funded locally, with the Government providing revenue support for the whole spending of individual councils. One key aim of this financial support is to ensure that services are provided in localities according to how much they are needed, rather than on the basis of localities' abilities to pay. Local authorities have nearly complete discretion about how much of the revenue support they spend on transport and how much is spent on other services.
- 7.5 Spending shares have been calculated for local authorities formulaically in relation to variables representing pressures for highways maintenance, bus concessionary fares and tendered bus services (outside London). These formula spending shares are then combined with those for other services to feed into the calculations for allocations of Revenue Support Grant which are made by the Office of the Deputy Prime Minister (ODPM). Figure 7a shows English local authorities' revenue expenditure for 2004-05 (latest available figures) and Figure 7b shows a breakdown of the net current expenditure for highways maintenance and public transport.

Figure 7a: English local authorities' revenue expenditure 2004-05¹

| 2004-05 outturn £million | Expenditure | Income | Net current expenditure | Net total cost ² |
|-----------------------------|--------------|--------------|----------------------------|--------------------------------|
| Total highways maintenance | 2,509 | 474 | 2,035 | 2,469 |
| Parking ³ | 709 | 1,164 | -456 | -335 |
| Public transport | 2,466 | 205 | 2,262 | 2,575 |
| Concessionary fares | 574 | 35 | 539 | 539 |
| Other roads and transport | 650 | 357 | 293 | 1,068 |
| Total | 6,909 | 2,235 | 4,674 | 6,317 |

¹ The figures published here are the latest published by the Government (Local Government Finance Statistics).
² Includes capital charges, but excludes specific grants.
³ Parking income includes income from parking charges and, where relevant, Penalty Charge Notices.

Figure 7b: Expenditure for highways maintenance and public transport

| Item | 2003-04 outturn £million |
|--|--------------------------------|
| Structural maintenance – principal roads | 106 |
| Structural maintenance – other local authority roads | 361 |
| Routine maintenance – principal roads | 228 |
| Routine maintenance – other local authority roads | 564 |
| Roads – public lighting | 298 |
| Winter service | 139 |
| Bridges – structural maintenance and strengthening | 61 |
| Total highways maintenance | 1,757 |
| Total highways maintenance | 1,757 |
| Expenditure on bus services | 859 |
| Payments on local rail services | 998 |
| Other public transport | 209 |
| Total public transport | 2,066 |

Figures are the latest available

The local transport settlement

7.6 The Department allocates capital funding between authorities (outside London) on the basis of their LTPs which reflect the priorities for and pressures in an area, and which provide a context for investment in local transport. Some of the funding allocated in association with LTPs supports specific large projects, other funding being allocated for broad programmes of lesser projects. Some funding is targeted towards authorities that have demonstrated particularly effective delivery.

7.7 In December 2004, the Department announced a £1.6 billion capital settlement for local transport in 2005-06, which marked the final tranche of the capital settlement for the first LTPs. This brought the total investment in local transport projects in the last five years to over £8 billion (2001-02 to 2005-06), a 100 per cent increase over the previous five years. The settlement honours the Government's commitment to sustained investment. Figure 7c sets out central Government's spending on local transport.

7.8 In December 2005 the Department announced much of the capital settlement for 2006-07, the first year of second LTPs. It allocated funding for £672 million of highways capital maintenance, £547 million for integrated transport projects and £209 million for committed major schemes to local authorities. Further funding support for 2006-07 for major schemes will be allocated during 2006. The Department has also announced funding guidelines for the period to 2010-11 for local authorities' highways capital maintenance and integrated transport programmes.

Figure 7c: Local transport spending by central Government^{1, 2} £ million

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--|------------|--------------|--------------|--------------|--------------------------|------------------|------------------|------------------|
| | Outturn | Outturn | Outturn | Outturn | Estimated outturn | Plans | Plans | Plans |
| Local transport plans (LTPs) | | | | | | | | |
| Major schemes | 116 | 125 | 318 | 348 | 349 | 352 ³ | 454 ⁴ | 469 ⁵ |
| Road maintenance | 264 | 548 | 571 | 566 | 650 | 660 | 672 | 698 |
| Integrated transport block ⁶ | 426 | 562 | 597 | 612 | 658 | 552 | 547 | 521 |
| Other ⁷ | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| LTP Total | 807 | 1,236 | 1,486 | 1,526 | 1,657⁸ | 1,564 | 1,673 | 1,688 |
| Community Infrastructure Fund (joint with ODFM) ⁹ | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 150 |
| Local Transport ¹⁰ | 6 | 17 | 27 | 38 | 44 | 25 | 28 | 30 |
| Total | 813 | 1,253 | 1,513 | 1,564 | 1,701 | 1,589 | 1,751 | 1,868 |
| Total adjusted for inflation | 901 | 1,356 | 1,587 | 1,598 | 1,701 | 1,556 | 1,674 | 1,740 |

¹ Excludes local transport expenditure on highways maintenance, concessionary fares and other public transport support that is funded by the Revenue Support Grant (see Figure 7a). Also excludes Bus Service Operators' Grant (BSOG) and other bus grants details of which can be found in Chapter 6.

² Figures include local transport spending in London until the end of 2000 but exclude London thereafter.

³ As well as funding for fully approved major schemes which are already in procurement, this also includes £167 million held back for schemes that will receive final approval during the financial year 2005-06.

^{4, 5} These are indicative estimates and are part of a larger pooled budget that also includes Highways Agency regional schemes. The proportion of this larger budget, which will be allocated to local transport major schemes, will depend on decisions to be made following advice received by Government from the regions.

⁶ Figures for 2003-04 do not include a 5 per cent discretionary element for the Single Capital Pot in England only.

⁷ Covers the Industrial Development Act grant.

⁸ Excludes the reserve of £80 million.

⁹ The Community Infrastructure Fund will support local and regional transport projects that will help to deliver faster housing growth in the growth areas of Thames Gateway; Milton Keynes-South Midlands; London-Stansted-Cambridge-Peterborough; and Ashford.

¹⁰ Includes Transport Statistics Personal Travel, promoting sustainable travel initiatives, international subscriptions, Metropolitan Railway Passenger services grant other than that related to support for heavy rail schemes, home zones consultancies, revenue support for PFI schemes, Transport Research and Centres for Excellence. Excludes expenditure of £183 million for 2000-01, in respect of the Metropolitan Railway Passenger Services Grant relating to support for heavy rail schemes. Expenditure for this programme appears Chapter 5.

Local transport plans (LTPs)

7.9 LTPs are the key mechanism for planning and delivering better transport at the local level in England outside London. The first LTPs were submitted in July 2000 and set out targets and objectives for the five-year period between April 2001 and March 2006. As part of the first five years of LTPs local transport authorities were asked to provide Annual Progress Reports (APRs). The Department used the APRs to monitor the performance of Local Authorities in the delivery of their LTPs.

7.10 As part of the LTP process, local transport authorities must provide Annual Progress Reports (APRs). The Department uses the APRs to monitor the performance of local authorities in their delivery of their LTPs. This annual monitoring of the authorities' progress allowed the Department to consider the progress local authorities have made against targets and objectives, as well as their management of their scheme delivery programmes and LTP spending programme. This enabled the Department to make informed decisions about funding for local transport capital schemes through the annual Transport Capital Settlement. The fifth APRs were submitted in July 2005, and reported progress towards achieving objectives. Of the 85 LTPs reported on, progress on 12 has been assessed as excellent, 21 as good, 47 as fair and five as weak. In July 2006 local authorities will submit a Delivery Report detailing their achievements for the whole of the first LTP period.

7.11 In December 2004, following a consultation, the Department issued new guidance to assist local authorities in the delivery of their second LTPs. The new guidance on LTPs sets out what the Government expects from local transport authorities in their new LTPs. The guidance encourages authorities to develop high-quality plans that effectively deliver local transport through:

- setting transport in a wider context;
- setting locally relevant targets;
- identifying best value for money solutions; and
- indicating how progress will be monitored.

- 7.12 Local authorities have produced provisional LTPs and submitted them to the Department in July 2005. The Department assessed their quality, classifying 16 as very promising, 59 as promising and seven as needing substantial improvement.
- 7.13 The second round LTPs was finalised by March 2006 to cover the period from April 2006 to March 2011. The Department will determine 25 per cent of the annual local transport capital allocations on the basis of its assessments of plan quality and delivery. The other 75 per cent will be determined on a formulaic basis.
- 7.14 The Department expects local authorities to demonstrate their high quality of planning and effective delivery by focussing on the DfT's PSA targets and identifying priorities which contribute to:
- tackling congestion;
 - delivering accessibility;
 - improving road safety;
 - achieving better air quality; and
 - improving other quality of life issues.
- 7.15 In December 2004 the Government announced provisional financial planning guidelines for highways capital maintenance totalling £3.7 billion for the period April 2006 to March 2011, in line with the commitment to sustained investment to the transport network. The Government also issued guidance to assist local authorities' forward planning.
- 7.16 Under the LTP process, local authorities may bid for funding for major schemes costing more than £5 million to improve the local road network. These schemes are designed to tackle safety and congestion problems on the local road network, to relieve communities of through traffic and to provide access to new developments. The schemes are expected to be consistent with an authority's LTP.
- 7.17 They are subject to full appraisal against the Government's objectives for the environment, the economy, safety, integration and accessibility. Local authorities are expected to consider alternative options in reaching a decision on their preferred scheme.

7.18 Since December 2000 the Department has provisionally approved 90 local authority major road schemes. Forty-five of these schemes have been fully approved having completed their statutory procedures. Twenty-five have been completed and opened to traffic with eight completed in the last 12 months:

- A228 Medway Road to Ropers Lane, Medway;
- A167 Chilton Bypass, Durham;
- A16/A158 Partney Bypass, Lincolnshire;
- Burntwood Bypass Stage 3, Staffordshire;
- A142 Fordham Bypass, Cambridgeshire;
- Nar Ouse Regeneration Route, Norfolk;
- A57 Cadishead Way, Salford; and
- North West Taunton Package.

A further 22 schemes are currently under construction.

Accessibility planning

7.19 Accessibility planning provides the framework for local authorities to work with their partners to identify and tackle the barriers that people, particularly those most in need, experience in accessing jobs and key services such as education and health care. Drawing on guidance issued by the Department in December 2004, local authorities developed framework accessibility strategies for their provisional LTPs and are expected to submit completed accessibility strategies in their final LTPs.

7.20 The bespoke software tool for authorities' use in accessibility planning, called 'Accession' and commissioned by the Department, is now being utilised by the majority of authorities in the development of their LTPs. The Department's core accessibility indicators for 2004 were calculated and disseminated to local authorities in November 2005, and the 2005 indicators will be produced by September 2006. In May 2005 the National Public Transport Data Repository was made available to authorities, enabling them to access details of public transport within their own and neighbouring authorities, and this was updated in February 2006 with a snapshot of data taken from October 2005.

Funding for highway maintenance

7.21 The Government has provided £672 million for local highway maintenance in 2006-07 as part of the LTP capital settlement. Capital funding for highway maintenance is provided for structural maintenance on local authority principal and non-principal roads, including structural footway maintenance, where the footway forms part of the highway ('footpaths', on the other hand, are the responsibility of the Department for Environment, Food and Rural Affairs). Capital maintenance funding is also provided for structural maintenance and the strengthening of bridges that form part of the local authority highway network.

Private finance

7.22 A bidding round involving £600 million of Private Finance Initiative (PFI) credits for street lighting schemes was announced in November 2005. This extra funding further demonstrates our continuing commitment to help local authorities eliminate the street lighting maintenance backlog. It will also lead to brighter streets, help to reduce crime and road accidents, and ensure that street lighting across the country is not only renewed, but also improved.

7.23 A second bidding round involving a further £600 million of PFI credits was announced in February 2006. This is intended to allow authorities to bid for PFI projects covering their entire highway maintenance function.

7.24 This will help local authorities modernise and update their local roads, and demonstrates our continuing commitment to help local authorities eliminate the maintenance backlog. The £600 million of new funding will lead to better and safer roads for drivers and pedestrians alike.

7.25 The money that will be allocated through the two PFI bidding rounds will benefit those local authorities that can submit the best cases for PFI projects. The funding will help local authorities meet their PFI contractual payment obligations.

Regional funding guidelines

- 7.26 *The Future of Transport* announced the Government's intention to give regional and local stakeholders a greater role in shaping the programme of future transport investment in their areas, so that decisions reflect more the varying needs and circumstances around the country.
- 7.27 Following earlier consultation on the proposals, the Department (jointly with HM Treasury, the ODPM and the Department of Trade and Industry (DTI)) announced in July 2005 the establishment of regional funding guidelines covering transport and the related areas of housing and economic development. Under the new arrangements the Government set out for the first time indicative transport allocations for each region for the period up to 2007-08 and longer term planning assumptions for the period up to 2015-16. This complements existing allocations covering funding for economic development and housing. The transport allocations cover capital funding projected for major local transport schemes and major highways schemes other than those on routes of national, rather than regional, importance (such as major motorways).
- 7.28 As part of the new arrangements, the Government asked each of the English regions for its advice as to what schemes should be given priority for funding in each region across the three spending programmes. This allowed regions to align their strategies for transport, planning, housing and economic development, and to produce a shared set of priorities consistent with the funding guidelines. It also provides regions and their stakeholders with an opportunity to influence through the forthcoming Comprehensive Spending Review, decisions on investment across these inter-related areas. Guidance was issued in July on the expected coverage and format of the advice to help regions in framing their views on priorities.
- 7.29 The regions submitted their advice at the end of January 2006, and the four departments are now considering each set of advice in detail. The Government is also reviewing whether the scope of regional funding allocations should be widened in future to cover other areas of expenditure.

The Community Infrastructure Fund (CIF)

7.30 The ODPM and the Department invited bids for the CIF in July 2005 (worth £200 million between April 2006 and March 2008). The fund will complement mainstream funding to support transport infrastructure costs to enable faster housing development in four growth areas, the Thames Gateway, Milton Keynes/South Midlands, London/Stansted/Cambridge/ Peterborough, and Ashford. We completed the decision making process on successful bids, in April 2006.

The Transport Innovation Fund (TIF)

7.31 *The Future of Transport* set out the Government's intention to establish a TIF to give our delivery partners incentives to develop and deploy smarter, innovative, local and regional transport strategies.

7.32 Further information on the objectives and operation of the Fund were announced on 5 July 2005 in a statement to the House by the Secretary of State and in the paper *Transport Innovation Fund*. Detailed guidance on the operation of TIF was published on 26 January 2006 in the paper *Transport Innovation Fund: Guidance January 2006*.

7.33 The Fund will assist the DfT and its delivery partners in achieving its key objectives of tackling congestion through demand management and better public transport, and contributing to national productivity by:

- supporting the costs of smarter, innovative local transport packages that combine demand management measures, such as road pricing, with modal shift and better bus services; and
- supporting the funding of regional, inter-regional and local schemes that are beneficial to national productivity.

7.34 Money from the Fund will become available from 2008-09. The Fund is forecast to grow from £290 million in 2008-09 to over £2 billion by 2014-15. The Fund will operate as a single pot but with two entry points: for 'congestion' schemes and 'productivity' schemes. Decisions on the allocation of TIF funds to congestion and productivity schemes will be taken against the criteria set out in *Transport Innovation Fund Guidance January 2006*.

| Figure 7d: The Transport Innovation Fund | | | | | | | £ million |
|--|---------|---------|---------|---------|---------|---------|-----------|
| 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | Total |
| 290 | 600 | 930 | 1,300 | 1,680 | 2,100 | 2,550 | 9,450 |

Congestion TIF

7.35 Through this entry point, we are seeking bids for schemes which contribute to the achievement of the demand management objectives set out in *The Future of Transport*, and to the Government's objectives on road pricing.

7.36 As a precursor to congestion TIF the DfT earmarked £18 million during the period 2005-06 to 2007-08 (£3 million/£5 million/£10 million) to support initial scheme development by local transport authorities. On 28 November 2005 the Secretary of State announced that seven bids had been successful in the first round:

- Greater Bristol (former Avon unitary authorities);
- Cambridgeshire;
- Durham;
- Greater Manchester;
- Shropshire (for Shrewsbury);
- Tyne and Wear; and
- West Midlands conurbation.

7.37 There will be a second opportunity for local authorities to bid for TIF pump-priming funds in July this year. We see the way forward as collective working with all the successful local authorities and areas. The Government has invited these authorities, along with TfL and Cardiff, to join a new Road Pricing Local Liaison Group. This group will be responsible for developing a consistent approach to road pricing looking at technical standards, design and scheme appraisal.

7.38 The guidance published on 26 January outlines the TIF process. For congestion schemes, this largely mirrors the established major schemes process, but with an additional optional 'TIF partnership' stage. This allows the Department and the local authority to work

closely together to develop their bid. Bespoke timetables will be arranged through the TIF Partnership Agreement. The fund is open to all English local authorities.

Productivity TIF

7.39 The aim of productivity TIF is to support transport schemes which provide a substantial contribution to the UK's productivity. The Department is therefore looking to identify schemes which:

- improve mobility of people and goods for business;
- facilitate the concentration of business activity;
- support the mobility and flexibility of the labour market;
- increase international competitiveness and trade; and
- improve network resilience and choice for business users.

7.40 The Department is, for the first round of TIF allocations, developing a shortlist of potential schemes, taking account of the views of the English Regional Development Agencies, its own knowledge of the transport networks, and of pre-existing transport schemes. We will then work with the appropriate delivery agents to work up business cases for appraisal in line with the guidance.

Light rail

7.41 Light rail can bring considerable benefits, such as delivering quicker, more reliable journeys, taking passengers directly into the heart of a city, improving accessibility. Light rail journeys have grown by 130 per cent in the last 10 years. In 2004-05, the number of journeys increased by 8.4 per cent compared with the previous year – more than national rail and London Underground.

7.42 In July 2005, the Department responded to the Public Accounts Committee report on Improving Public Transport in England through Light Rail (see Appendix E), and to the House of Commons Transport Select Committee's report on Integrated Transport: the future of Light Rail and Modern Trams in the UK. The Department said that it will support new light rail schemes where they are the best solution for local circumstances, and that this will usually be in corridors with high

traffic and passenger flows. Any scheme to develop light rail must show that it represents value for money, taking account of the wider benefits, and that it is affordable in terms of both the central and local contributions. If light rail is to be successful it needs to be part of an integrated approach and must demonstrate that it will help local authorities deliver wider transport goals, such as tackling congestion and minimising pollution.

- 7.43 There are lessons to learn from experience to date with light rail schemes. Recent light rail proposals in Manchester, Leeds, South Hampshire and Merseyside for developing new light rail systems or extensions to existing systems have all seen cost seen their costs increases substantially, after we have approved them. This has led to the Department withdrawing approvals for these schemes. We are taking steps to help ensure better estimating and control of scheme costs in the future. Given the high cost of light rail, we are also encouraging promoters to ensure that they adopt the best value for money solution for their areas. In the case of Leeds, we commissioned jointly with West Yorkshire PTE a study into a top-of-the-range bus alternative, which indicated that bus rapid transit had the potential to deliver most of the benefits of the tram at about half the capital cost.
- 7.44 The Department stands ready to work with light rail promoters from an early stage to provide guidance on what is likely to be worth pursuing and issues to be addressed. In April 2005, we issued draft guidance on the funding approval process for major transport schemes, including light rail. The Department is also working with UKTram and the Passenger Transport Executive Group for light rail to develop ways of making light rail more affordable, and to maximise its benefits.

Walking and cycling

- 7.45 Over the last five years, the numbers of walking and cycling trips in England has been falling despite 68 per cent of journeys being less than five miles and 42 per cent of journeys less than two miles, distances easily cycled or walked. One in five trips under one mile are currently undertaken by car either as passenger or driver.
- 7.46 The Government is seeking to address this trend through a series of measures to increase awareness of walking and cycling, and to increase their attractiveness.

7.47 The Department continues to monitor progress on its Walking and Cycling Action Plan, published in 2004. The plan commits us to delivering more than 40 actions across Government aimed at increasing levels of walking and cycling. The commitments focus on:

- creating a better environment for walking and cycling;
- providing better facilities;
- developing the skills of local authorities and the NHS in promoting cycling and walking;
- persuading people that walking and cycling are a real choice for their journeys; and
- better cycle training and pedestrian training for children.

7.48 The Action Plan is expected to be delivered by 2010. Five actions have already been achieved, with a further seven expected later in 2006. The remainder are all on course.

7.49 Many of the cycling actions are being delivered through Cycling England, a new cycling advisory body established in 2005 and reporting to a cross-Whitehall group. The main focus of Cycling England's work plan is a substantial investment over three years in six cycle demonstration towns to test if investment, both capital and revenue, at the level sustained by certain European towns, will lead to similar levels of cycling here. The towns are Aylesbury, Brighton, Darlington, Derby, Exeter and Lancaster. Each will showcase best practice in the design, planning and promotion of cycling. Cycling levels in the towns will be carefully monitored over the lifetime of the project to enable us to identify the real impact of the investment.

7.50 In addition, Cycling England will continue to support the Links to Schools programme, where schools are linked via the National Cycle Network with off-road routes to centres of population, which builds on the Department's funding from 2004-05. And significant sums are being invested in training instructors to deliver the new National Standard on cycle training.

7.51 The Department has also completed a programme to improve cycle parking at stations. 2,900 extra cycle parking spaces have been provided at over 100 stations where demand had outstripped capacity. We have also negotiated in 2005 a cycle to work tax benefit scheme. The scheme allows employers to purchase cycles for employees to commute to work and save the VAT element on the cost of bicycles and if they wish to recover the remaining cost and make further tax savings if they implement a salary sacrifice arrangement. The Department will introduce its own employee scheme shortly. Cycling England aims to promote the scheme more widely in 2006.

7.52 While Cycling England is delivering on a range of initiatives at national level, the principal responsibility for walking and cycling rests with local Authorities. Through their LTPs, local authorities have delivered a significant number of new cycle lanes and cycle tracks (see Figure 7e).

Figure 7e Cycle tracks and lanes¹

| | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---------------------------|---------|---------|---------|---------|---------|
| Cycle tracks (kilometres) | 804 | 649 | 566 | 553 | 577 |
| Cycle tracks (numbers) | 458 | 582 | 575 | 582 | 498 |
| Cycle lanes (kilometres) | 405 | 388 | 490 | 308 | 327 |
| Cycle lanes (numbers) | 352 | 437 | 477 | 511 | 500 |

¹ Figures based on LTP returns

7.53 On the promotion of walking, we are working on three specific projects:

- developing a walking portal – the aim is for local authority and other professional staff such as engineers, planners and architects as well as the public, to have a one-stop walking website with all the information available to improve access and convenience for pedestrians;
- developing a training package for professional staff within local highway authorities to receive training on improving the pedestrian environment and promoting walking; and
- producing best practice guidance on walking maps – the aim is for map producers, particularly within local authorities, to be provided with best practice guidance.

London

- 7.54 Transport for London (TfL) is responsible for implementing the Mayor's Transport Strategy. It manages the buses, the Underground, the Docklands Light Rail (DLR), Croydon Tramline, a 580 kilometre network of main roads, all of London's 4,600 traffic lights and has a strategic role in traffic management. TfL also runs London River Services, Victoria Coach station, regulates taxis and the private hire trade and runs the Dial-a-ride service for those who need door-to-door transport.
- 7.55 TfL has an annual budget of nearly £5 billion about half of which comes from central government grants. The remainder is funded by fare revenue, congestion charge income, council tax precept and other smaller sources (for example advertising). The Government's transport grants to London have risen from £1.1 billion in 2000-01 to £2.1 billion in 2005-06.
- 7.56 As part of the Spending Review 2004 settlement, agreement was reached in July 2004 with TfL and the Mayor on a longer-term funding line to 2009-10 to give greater certainty and to allow TfL to:
- better manage its financial and investment planning;
 - make the most effective use of the new prudential borrowing regime; and
 - provide the guarantees and infrastructure needed to underpin the 2012 London Olympics.

| Figure 7f: London funding 2000-01 to 2009-10 | | | | | | | | | | | £ million |
|--|--------------------|--------------------|--------------------|---------------------------------|--------------------|---------------------------------|------------------|------------------|------------------|------------------|-----------|
| GLA Transport Grant | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 ² Outturn | 2004-05 Outturn | 2005-06 Estimated Outturn | 2006-07 Plans | 2007-08 Plans | 2008-09 Plans | 2009-10 Plans | |
| London Underground ^{1 2} | 267 | 460 | 767 | 1,218 | 1,070 | 1,161 | 1,281 | 1,340 | 1,280 | 1,370 | |
| TfL Other | 396 | 720 | 1,024 | 1,336 | 1,190 | 1,000 | 1,102 | 1,204 | 1,248 | 1,281 | |
| Total | 663 | 1,180 | 1,791 | 2,554 | 2,260 | 2,161 | 2,383 | 2,544 | 2,528 | 2,651 | |
| Total adjusted for inflation | 735 | 1,277 | 1,878 | 2,610 | 2,260 | 2,135 | 2,284 | 2,370 | 2,293 | 2,341 | |

¹ Source: London Underground Limited (LUL) accounts for 2000-01 to 2003-04.

² In 2003-04 the grant for London Underground Limited was paid to London Regional Transport until July 2003, with the balance of £346 million paid as part of the Greater London Authority (GLA) Transport Grant from August 2003.

7.57 After agreeing this five-year funding deal with TfL in July 2004, TfL embarked on a major programme of work to improve London's transport system. Achievements include:

- significant operational improvements on the London Underground, with record levels of train kilometres run and customer satisfaction;
- patronage on the bus network rising, with passenger numbers reaching their highest levels since 1968;
- passenger numbers on the DLR growing by 9 per cent;.
- ticketing improvements speeding up Tube and bus journeys by making purchasing easier and reducing the time spend boarding buses; and
- £600 million allocated to London Boroughs since 2000 through the Borough Spending Plan initiative to improve safety, appearance and accessibility of town centres.

7.58 Significant milestones have also been met on capital projects, including the DLR three-car upgrade and the beginning of the construction work on the DLR extension to Woolwich. The DLR City Airport extension opened in December 2005 and the London Underground Jubilee Line seventh-car upgrade was completed in January 2006.

7.59 On 6 July, London was awarded the 2012 Olympic and Paralympic Games. The transport plans included in the bid, based on making the best possible use of London's existing transport network, and the improvements which were planned anyway, were a major reason for the success. The Department worked closely with TfL, London 2012 and other stakeholders to develop these plans and is now helping to make them a reality.

London Underground Limited (LUL)

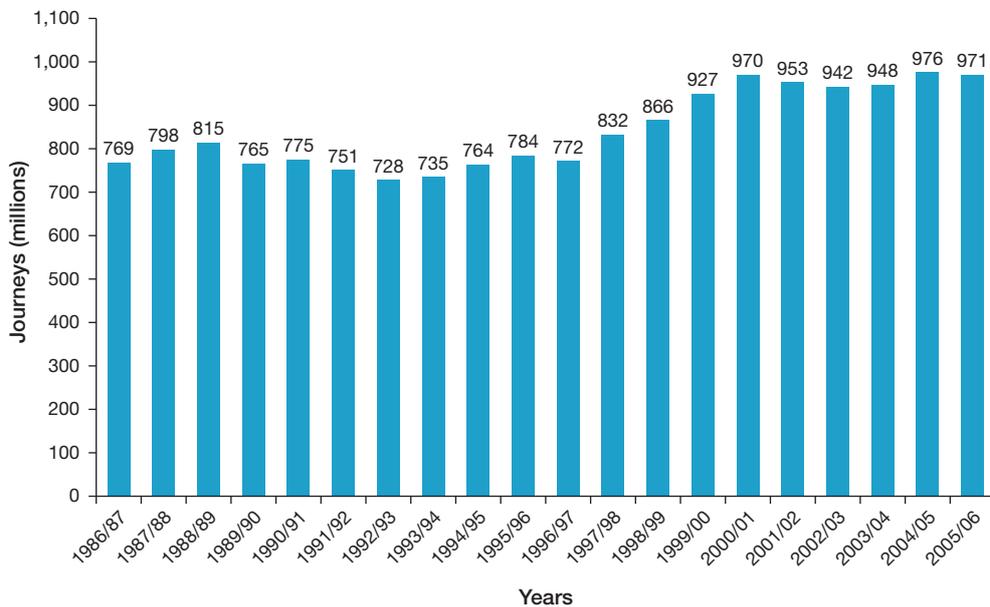
7.60 LUL is a vital part of London's transport system. There are some 3 million passenger journeys taken on the Underground every weekday. As Figure 7g shows, passenger numbers have grown significantly since the early 1990s. In 2005-06 971 million passenger journeys were made on the Underground. This follows the record of 976 million passenger journeys that were taken in 2004-05 and compares favourably with the 728 million journeys made in 1992-93 representing an increase of over 30 per cent between 1992-93 and 2005-06.

The Public Private Partnership (PPP)

7.61 Under the public private partnership (PPP) three private sector infrastructure companies (PPP Companies), Tube Lines, Metronet BCV and Metronet SSL, are responsible for maintaining and improving the Underground's infrastructure – its trains, track, signals and stations. The PPP companies lease the Underground's assets and are required to return them to LUL in an upgraded and well-maintained condition at the end of the 30-year contracts.

7.62 LUL, as a publicly owned organisation, remains responsible for safety and for providing passenger services, operating the trains, signals and stations. LUL itself was transferred from central Government to TfL and the Mayor on 15 July 2003. TfL are responsible for overseeing the PPP contracts. This includes ensuring that the PPP companies deliver the performance and improvements specified in the contracts and addressing any shortfall.

**Figure 7g: London Underground passenger journeys
1986-87 to 2005-06**



PPP performance

7.63 The payments due to the PPP companies under the contracts depend on their performance – if the assets maintained by Tube Lines or Metronet perform above a certain threshold they can receive bonuses, and if not they pay abatements to LUL. Tube Lines and Metronet BCV ended the first two years of the PPP contract with cumulative net abatements, while Metronet SSL achieved a cumulative net bonus. At the end of the third year Metronet SSL has earned cumulative net bonuses of £5.8 million while Metronet BCV and Tube Lines have suffered cumulative abatements of £11.5 million and £28 million respectively. These figures are provisional as they only reflect adjustments up to 4 March 2006.

7.64 In their annual report on the PPP for 2005-06, TfL acknowledged that the overall performance of the Underground had improved. But they noted that the level of improvement by the PPP companies remained short of what was required or had been expected from the bidding process. TfL and LUL, together with the PPP companies, continue to work to redress this issue.

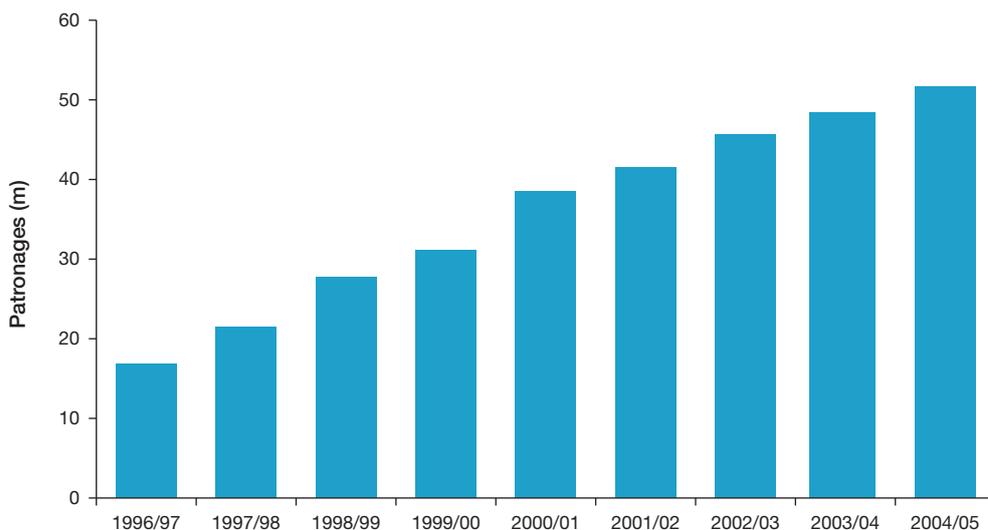
LUL performance

- 7.65** Operational performance of the Underground during 2005-06 has been greatly affected by the terrorist incidents in July 2005. Three out of six performance targets were met by LU in 2005-06, but until the 7 July LUL were meeting five out of six targets and were reasonably confident that the sixth could be met. Following the 7 July attacks a number of lines were either closed or partially suspended and full services did not return on all lines and to all stations until 4 August. See Appendix D.
- 7.66** Other, non-terrorist related factors, have also impacted LUL's performance during the year. The Northern line faced severe disruption and closure during October following problems with the emergency braking system. There was also disruption due to industrial action.

Docklands Light Railway (DLR)

- 7.67** Every day approximately 160,000 people travel on the DLR. In 2004-05, 50.1 million passengers a year were carried, a 3 per cent increase from 2003-04. Patronage is expected to increase to 84 million journeys by 2009.

Figure 7h: DLR patronage 1996-97 to 2004-05



- 7.68** The extension to London City Airport opened in December 2005. The extension from London City Airport to Woolwich Arsenal with a major new interchange at Woolwich Arsenal, is now under construction and is due to be completed in 2009. Powers have been granted for the capacity enhancement upgrade project which will add a third car to key routes on the DLR between Lewisham and Bank by 2009, increasing capacity by 50 per cent.
- 7.69** The reliability figures (98 per cent) achieved during 2004 was the highest ever recorded, and passenger satisfaction beat all previous records, with a score of 96 per cent. There have also been improvements in terms of punctuality, safety levels and the cleanliness of trains.

London Rail

- 7.70** The Railways Act 2005 gave TfL the opportunity to secure a wider role in relation to national rail services in London. The Department has also been working with stakeholders to explore the rationalisation of fare structures and ticketing technology across public transport. The Silverlink Metro network will be transferred from the Department to TfL upon the expiration of the current franchise in 2007. The Department issued a consultation in early 2005 to seek views on extending the Mayors powers in relation to rail services outside the Greater London Authority (GLA) boundary.

Chapter 8

Aviation and shipping

Aviation

Strategy and objectives

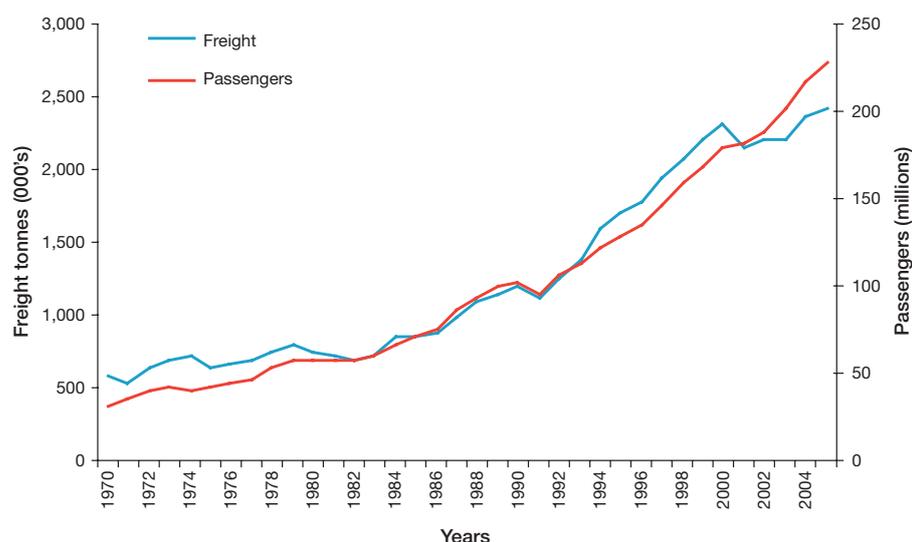
- 8.1 The Government's role is to promote successful, safe and sustainable air transport services, domestically and internationally. Our aim is to develop a long-term framework that will maximise the beneficial aspects of aviation and minimise the negative effects.
- 8.2 In seeking to deliver sustainable operations and growth in the aviation sector; our current key objectives are to:
- support the construction of a second runway at Stansted by 2013;
 - carry out work set out in the Air Transport White Paper, *The Future of Air Transport* testing the potential for further expansion of Heathrow consistent with conditions on air quality, noise and surface access;
 - work with the European Commission and Member States to secure a balanced and acceptable EU-US agreement that would benefit European consumers and industry;
 - ensure effective safety, economic and airspace regulation for the aviation sector (including the Civil Aviation Authority (CAA), European Aviation Safety Agency, Single European Sky, International Civil Aviation Organisation and Eurocontrol; and
 - introduce a new night flying regime at Heathrow, Gatwick and Stansted.

Responsibility for delivery

- 8.3 In delivering our objectives, we depend on and work closely with a range of partners and stakeholders, including the CAA, National Air Traffic Services, the aviation industry, other Government Departments, the European Commission, international organisations (for example, the International Civil Aviation Organisation; the European Civil Aviation Conference, the European Aviation Safety Agency and Eurocontrol) and other countries, both within the European Union and around the world.

8.4 The volume of air travel has increased in recent years, with passengers at UK airports up from 32 million in 1970 to 228 million in 2005. This reflects increasing economic prosperity and declining air fares over time as the industry has become more competitive and efficient. Half the population of the UK now flies at least once a year, and many fly more often than that. The strong competitive position of the UK aviation industry is illustrated by the fact that 20 per cent of all international passengers start or finish their journey at UK airports and that 40 per cent of all passengers between the EU and North America fly to or from the UK. Freight traffic at UK airports has doubled since 1990, and a further doubling is expected in the period up to 2010.

Figure 8a: Passenger and b: Freight movements at UK airports 1970-2005



8.5 Our forecasts suggest that if sufficient airport infrastructure were provided, the number of passengers using UK airports in 2030 would be between two and three times its 2003 level, with between 400 million and 600 million passengers. This increasing demand for travel puts increasing pressure on airports, some of which are already at, or fast approaching capacity. The provision of airport capacity supported in the Air Transport White Paper would permit about 470 million passengers by 2030.

Progress in delivering objectives

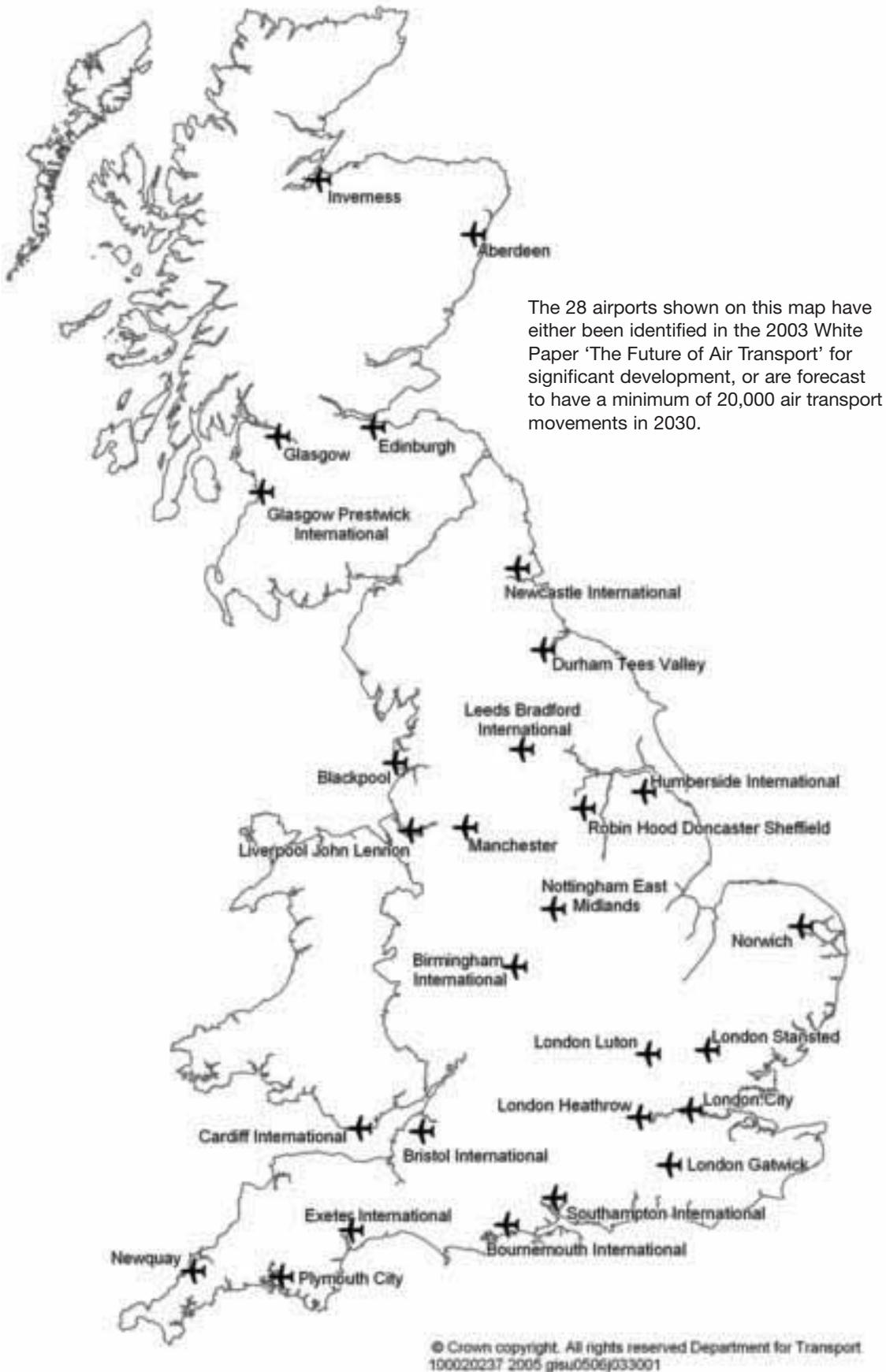
Air Transport White Paper *The Future of Air Transport*

- 8.6 During the year the Department has worked closely with airport operators as they work up their development proposals in response to the policies set out in *The Future of Air Transport*. We shall continue to engage with them, both directly and increasingly through the Government Offices in the English regions, and alongside the Devolved Administrations and the Northern Ireland Administration in other parts of the UK.
- 8.7 The Department will retain the lead responsibility for a range of generic issues associated with airport development and will remain closely engaged at airports where high-level, cross-regional or politically significant issues come into play.
- 8.8 Work to deliver the White Paper commitments is being taken forward across a number of different areas. The Department aims to report formally on the progress made on the policies and proposals set out in the White Paper at the end of 2006.

Master plans

- 8.9 In July 2004 the Department published guidance for airport operators on the preparation of airport master plans. These will set out the operators' responses to the White Paper, and will contain detailed proposals for development of their airports up to 2015, and in outline beyond that to 2030, including detailed proposals for surface access, environmental controls and mitigation and, where appropriate, measures to address generalised blight. They will inform the local and regional planning process and can be examined along with other development plan documents for inclusion in the new Local Development Frameworks. They will enable local people and other stakeholders to understand how each airport is likely to develop in future years.
- 8.10 The majority of airports have now published interim master plans or high-level statements of intent, and we look to airport operators to continue work on them with a view to publishing their fully worked-up master plans as early as possible.

Figure 8c: Airports identified for significant development



Stansted

- 8.11 The *Future of Air Transport* said that there is an urgent need for additional runway capacity in the South East and that the first new runway should be at Stansted and be delivered as soon as possible.
- 8.12 BAA, as operator of Stansted airport, is responsible for taking forward the development of Stansted and is committed to preparing a planning application for a new runway. A key milestone was reached in December 2005 when BAA published a consultation on its preferred option for the location of a second runway.
- 8.13 The scale of the proposed development will require good quality surface access to enable both passengers and employees to get to and from the airport. Since publication of *The Future of Air Transport*, the Department and its delivery agents have worked in partnership with BAA to examine the potential impacts of a both a second runway and wider regional growth on the strategic road and rail networks. Further work is being carried out and BAA expect to consult on a preferred surface access strategy later in 2006.
- 8.14 Progress has also been made towards delivering the White Paper's first priority to make best use of existing runway capacity. At Stansted, BAA completed a public consultation on increasing the use of the current runway in October 2005. They aim to submit a planning application on this during 2006.

Project for the sustainable development of Heathrow

- 8.15 Over the past year, we have continued working with BAA and other key stakeholders on the action programme promised in the 2003 White Paper. This is about considering how to make the most of Heathrow's two existing runways (for example by introducing mixed mode operations) and add a short third runway as soon as possible after a new runway at Stansted, consistent with strict conditions on air quality, noise and surface access.
- 8.16 A key element has been to conduct a technical review of local air quality around Heathrow, drawing on a wide range of expertise within Government and outside. This has examined the pollutants of particular concern, their main sources and recent trends, and has

made recommendations about how best to predict the air quality impacts of further development at Heathrow. This work has now been completed and the results, which have been subject to independent peer review, are set out in a full technical report. The outcome of the review will ensure that forecasts of the impacts of possible future development, will be based on information recognised as the best available.

- 8.17 In addition, a detailed concept of operation has been developed jointly by BAA and the National Air Traffic Services (NATS) for mixed mode. This identifies how mixed mode might operate at Heathrow, and the air traffic control requirements to support it. Working with the CAA, we are now testing its environmental impacts. We plan to consult in due course on options that look likely to satisfy the White Paper tests. That will give affected parties, including the local community, the opportunity to comment on proposals.
- 8.18 Lastly, we have made substantial progress, with BAA, on developing the necessary modelling capability to allow us to assess a range of surface access options. These include measures to improve public transport access, especially rail, and reduce congestion and emissions on the road network surrounding Heathrow, in the event of further airport expansion. Modelling runs will be carried out during the year to test the effects of such measures and to inform consultation.
- 8.19 We expect to reach conclusions on all this work later this year. More background information can be found on the DfT website www.dft.gsi.gov.uk/aviation/projectheathrow.

Regional airports

- 8.20 The White Paper recognised the importance of regional airports and regional air services and the contribution they can make to regional economic development, and supported their growth. A number of regional airports have already brought forward new development in line with the provisions of the White Paper, or have plans to do so. Many have continued to show strong growth but there remain significant opportunities to develop direct services to a range of key business markets in Europe and beyond. Route Development Funds (RDFs) were identified as a successful initiative that had been piloted

in Scotland and Northern Ireland that could help realise these opportunities and deliver significant connectivity and economic benefits elsewhere in the UK if adopted more widely, as well as helping to ease the pressure on the increasingly congested London airport system. The White Paper invited English Regional Development Agencies and the Welsh Assembly Government to consider establishing funds in their own regions.

- 8.21 The Department has been working with the Devolved Administrations and Regional Development Agencies to develop a National Protocol and Appraisal Framework for both established and potential new RDFs. The purpose of this is to ensure that all funds are operated on a consistent basis and abide by the European Commission principles to avoid any breaches of state aid.

Regional air services to London

- 8.22 In December 2005, we published Guidance on Protecting Regional Air Access to London through the use of Public Service Obligations. This guidance clarifies the circumstances in which the Government would intervene to protect a regional air service to London. It follows a stakeholder consultation on this issue.
- 8.23 We will continue to work closely with the European Commission and other Member States to ensure that any amendments to the regulations will recognise the value of regional access to London airports.

Slots

- 8.24 We have continued to work within the EU to introduce a transparent, market-based approach to slot allocation. The UK Government favours formalising the trading of slots and further investigation of how new capacity, resulting from, for example, a new runway, could be allocated through an auctioning mechanism. In January 2006 we began a study of alternatives to the current mechanism for allocating new capacity. The results of this study will be used to inform our negotiating position in relation to a revision of the current regulation, expected later this year.

- 8.25 We will continue to ensure that any further steps the European Commission undertakes in its revision of the Regulation will reflect the interests of UK industry and consumers.

Air Traffic Management

National Air Traffic Services (NATS)

- 8.26 NATS provides air traffic control services to aircraft flying in UK airspace and over the eastern part of the North Atlantic. In addition, NATS also provides air traffic control services at 15 of the nation's major airports. NATS is a PPP, the shareholders being the Government, the Airline Group – a consortium of seven UK airlines and the controlling shareholder – BAA plc and NATS staff.

UK air traffic

- 8.27 NATS handled a record 2.3 million flights in UK airspace in 2005, an increase of 5.7 per cent on 2004 and the highest annual growth since 1999. The average delay per flight attributable to NATS fell to 20.8 seconds, compared with 25 seconds in 2004. The number of flights that experienced no delays attributable to NATS increased from 97.5 per cent in 2004 to 98 per cent in 2005.

Single European Sky

- 8.28 We have continued to work closely with the European Commission and other Member States to develop the supporting legislation necessary to establish the Single Sky. A total of five implementing rules have been agreed, covering such topics as airspace classification, principles for the flexible use of airspace and interoperability requirements for initial flight plans and co-ordination and transfer. The first of these, the regulation on the 'Common Requirements for the provision of air navigation services' which entered into force on 23 December 2005, will require all air navigation service providers to meet certain criteria in order to be able to provide an air navigation service to airspace users.

- 8.29 The Government is also working to ensure that the numerous other implementing rules in the pipeline will not adversely impact on the UK aviation industry and that the new rules will add real value to the harmonisation of safety, interoperability and airspace-related standards across Europe.

International aviation

- 8.30 We have continued our programme of negotiating increasingly liberalised bilateral agreements with other countries to open up new international air services to the benefit of both consumers and airlines.
- 8.31 During 2005, we succeeded in agreeing new or expanded rights and opportunities with Australia, Barbados, Brazil, Bulgaria, Djibouti, Cape Verde, Dominican Republic, Finland, Ghana, India, Jamaica, Malta, Netherlands Antilles, New Zealand, Singapore, South Africa, Turkey and the United Arab Emirates.
- 8.32 The new agreement with India saw a further substantial opening up of the previously highly restrictive arrangements. As a result, direct air services between the UK and India are expected to increase five-fold over two years. The agreement with New Zealand also set a new benchmark for liberalising air services arrangements: as well as removing almost all remaining restrictions on air services between the two countries, it introduced new safeguards to ensure a level competitive playing field.
- 8.33 We have also worked alongside other EU Member States and the Commission in developing Community – level air services agreements with a wide range of countries. During the UK Presidency in the second half of the year, negotiations on new air services arrangements between the EU and the US were resumed, and good progress was made towards a possible agreement. Negotiations were also successfully concluded during this period on an EU-wide air services agreement with Morocco, and on the establishment of a European Common Aviation Area, which effectively extends the ‘open skies’ arrangements and associated regulatory regime applying within the EU to cover Norway, Iceland, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Serbia and Montenegro, Romania and Kosovo.

Shipping and ports

8.34 A safe and thriving global shipping industry is vital to the UK economy. Our domestic shipping and ports activities and strong global maritime influence help to protect the UK's interest in this area by promoting a competitive, safe, efficient and sustainable environment for this trade to take place.

UK commercial shipping policy

Strategy and objectives

8.35 The Government's role is to promote successful, safe, sustainable and resilient maritime transport services, domestically and internationally. The four broad aims of our domestic shipping policy are:

- facilitating shipping as environmentally friendly transport;
- fostering an efficient UK shipping industry;
- maintaining the skills base by promoting employment and training; and
- encouraging UK ship registration.

Responsibility for delivery

8.36 In delivering our objectives, we depend on and work closely with a range of partners and stakeholders, including the shipping industry, other Government Departments, the European Commission, the International Maritime Organization (IMO) and other countries, both within the EU and around the world.

Progress in delivering objectives

UK ship registration

8.37 There has been a substantial increase in UK ship registration over recent years. Since 2000, deadweight tonnage has increased from 5.2 million tonnes to 13 million at the end of September 2005. The introduction of tonnage tax in 2000 has been a major factor in this revival together with registration reforms by the Maritime and Coastguard Agency (MCA). There has also been a healthy trend in the profile of the register to larger, younger ships.

- 8.38 Shipping companies can opt into tonnage tax or stay in the current corporate tax regime. Tonnage tax calculates profits chargeable to corporation tax by reference to tonnage instead of commercial profits. It brings certainty because it fixes the amount of corporation tax relative to the size and number of ships and is not affected by financial profitability or tax allowances. A company electing to enter tonnage tax does so for a minimum of 10 years.
- 8.39 Seventy-four company groups are currently active in the tonnage tax scheme, accounting for over 800 ships. Of these, over 50 per cent are UK flagged, (see Figure 8d).

Figure 8d: Company groups and ships in tonnage tax 2000-01 to 2005-06

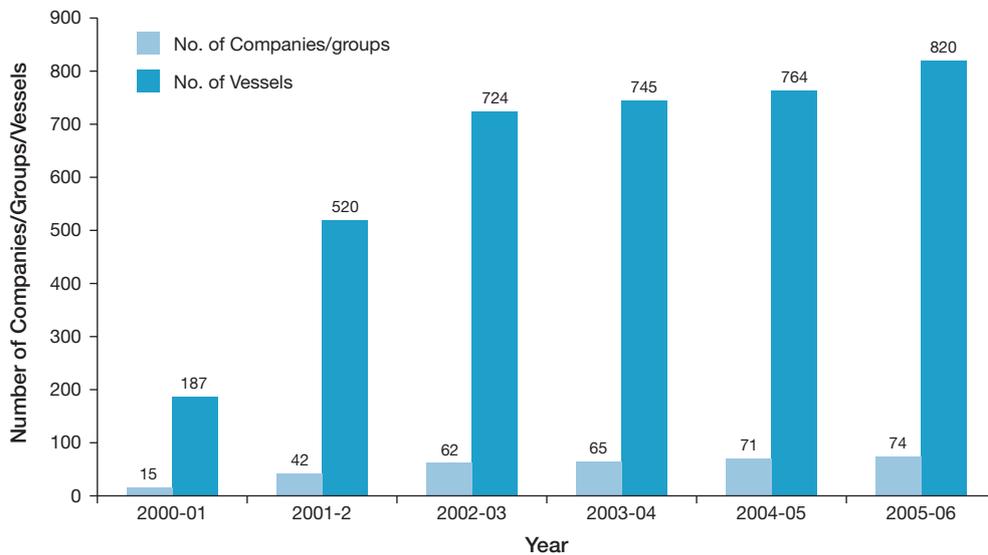
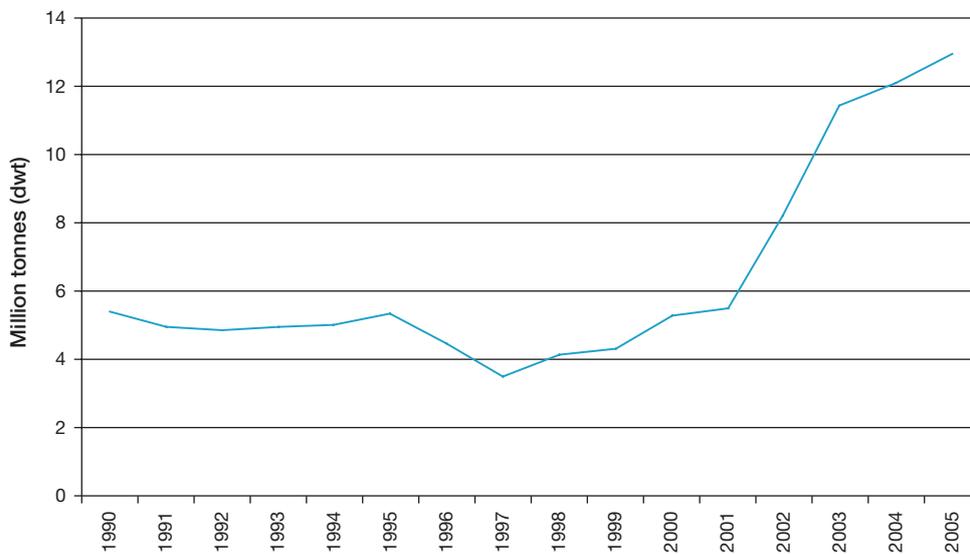


Figure 8e: The UK shipping fleet 1990 to 2005

Training

8.40 A unique feature of the UK's tonnage tax scheme is the minimum training obligation requiring each shipping company entering the scheme to recruit and train one officer trainee each year for every 15 officer posts in its fleet. The cumulative training commitment for 2005-06, comprising elements of the commitment for the previous two years, is for over 1,350 trainees.

Counter pollution and safety measures

8.41 The Department continues to play a leading role in the development of safety and counter pollution measures in the IMO and the EU. We are concerned to ensure that initiatives in both organisations are subject to formal safety assessments and/or regulatory impact assessments, so that any consequential regulations are proportionate responses to identified risks.

- 8.42 Of particular note in the IMO is the recent introduction of a Member State audit scheme, which is aimed at improving the performance of the Member States in their capacities of flag State, port State and/or coastal State (as appropriate). The audit scheme is currently voluntary, but we will be looking for it to be made mandatory after we have had a few years' experience of the operation of the scheme. The UK has volunteered for audit and will be in the first tranche of IMO Member States to be audited.
- 8.43 The Department is also playing an active role in negotiations on the development of an international convention on ship recycling within the IMO, aimed at ensuring the safe and environmentally friendly recycling of ships.
- 8.44 The Department continues to seek appropriate measures to protect the marine and coastal environment. After taking into account shipping risk, environmental sensitivity and environmental protection measures already in place, 32 Marine Environmental High Risk Areas (MEHRAs) have been identified around the UK coastline. The purpose of these areas is to aid passage by making ships' masters more aware of the need to take extra care in navigation, with a view to reducing the risk of collisions and groundings and thereby enhancing the protection of the UK's seas and coasts.
- 8.45 Offshore wind farms may supply more renewable energy over the next few years and the Department has increased its efforts to ensure that the shipping and ports industries can successfully co-exist with offshore renewable energy industries. Jointly with the Department of Trade and Industry (DTI) the Department has established a forum, the Nautical and Offshore Renewables Energy Liaison Group (NOREL), for developers and nautical stakeholders to help shape Government policy. NOREL is currently looking at search and rescue within wind farms and the effects of wind farms on radar.

EU Presidency

- 8.46 Political decision making on measures to revive maritime employment in Europe was the main outcome during the UK's Presidency of the Council. Unanimous and detailed conclusions were agreed in December, tasking Member States, the Commission and industry

stakeholders with specific actions to revive maritime expertise in the EU, to the benefit of European competitiveness in worldwide shipping and to secure future skills supply ashore.

- 8.47 Both objectives contribute directly to the Lisbon economic agenda, as will legislative measures begun in Council to focus more effectively on the inspection of ships in EU ports and the monitoring of ships which pass our coasts.

Ports and navigation

Strategy and objectives

- 8.48 The Government's ports policy (*Modern Ports: A UK Policy, 2000*) aims to promote a successful, sustainable and safe ports sector, concentrating on supporting:

- UK and regional competitiveness;
- high nationally agreed safety standards; and
- the best environmental practice.

Responsibility for delivery

- 8.49 In delivering our objectives, we depend on and work closely with a range of partners and stakeholders, including the ports sector itself. We also work with the shipping industry, other Government Departments (in particular ODPM, Defra, Home Office and the DTI) and regional government partners, the General Lighthouse Authorities, the Health and Safety Executive, and the European Commission.

Progress in delivering objectives

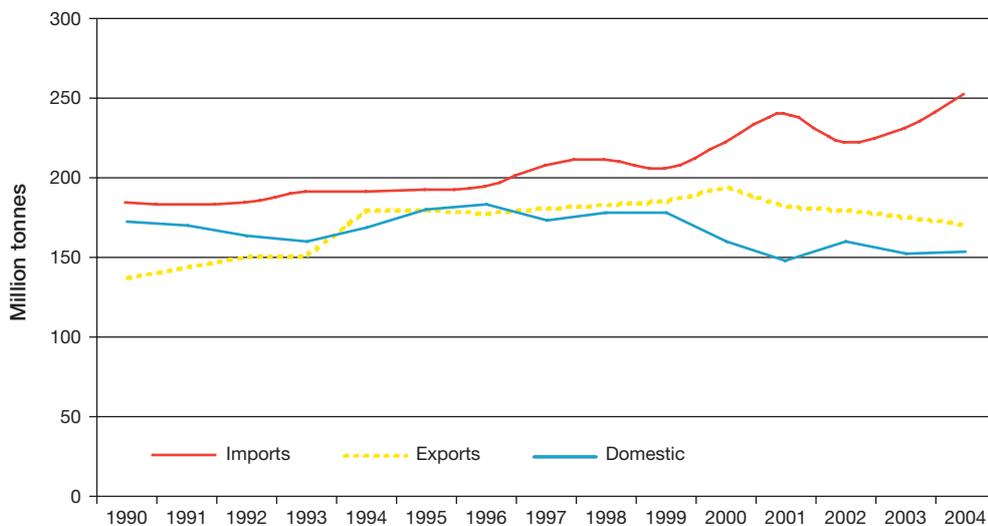
Port traffic

- 8.50 The UK ports industry continues to thrive: our ports industry is the largest in Europe in terms of tonnage (573 million tonnes of foreign and domestic traffic in 2004). Around 50 million international and domestic passenger journeys are made each year through UK ports. Ninety five per cent of our international trade by volume, and 75 per cent by value, is transported by sea. There are around 120

commercially active ports in the UK employing around 74,000 people directly and many thousands more indirectly.

8.51 Figure 8f shows rising import tonnage which more than offsets recent declines in export and domestic tonnage through ports. In 2004, 53 per cent of exports and 62 per cent of domestic traffic at major ports were crude oil and oil products.

Figure 8f: UK port traffic, 1990-2004



8.52 Much of the UK’s total tonnage is concentrated in a relatively small number of ports with the top 15 ports accounting for almost 80 per cent of the UK’s total port traffic (Figure 8g). A third of UK tonnage passes through Northern ports, just ahead of the proportion for South East ports (see Figure 8h).

Figure 8g: UK major ports share of traffic, 2004

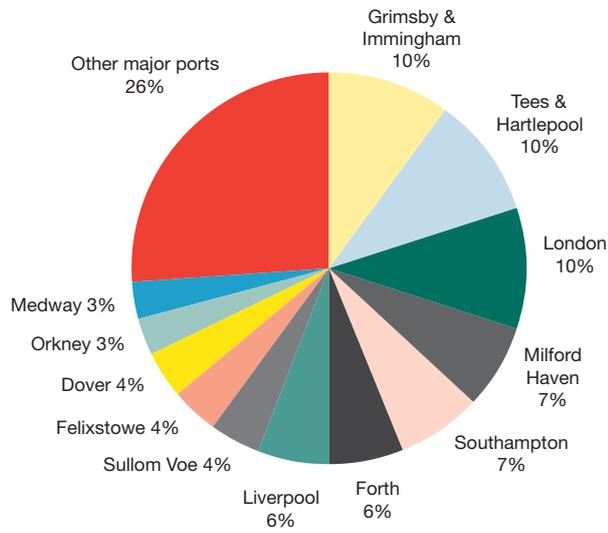
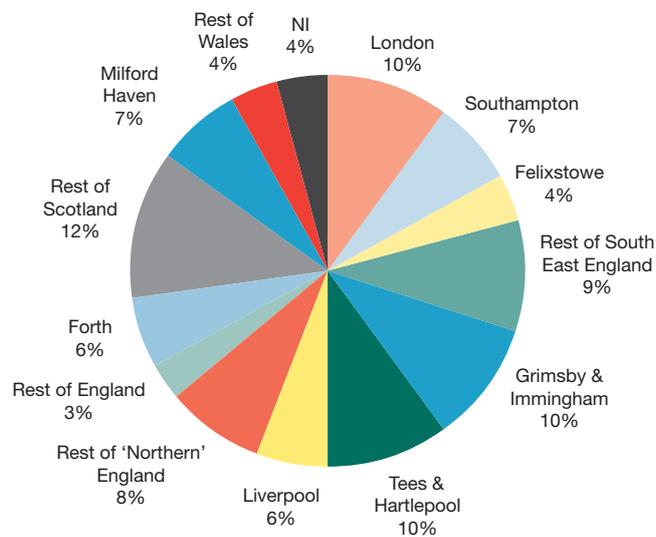
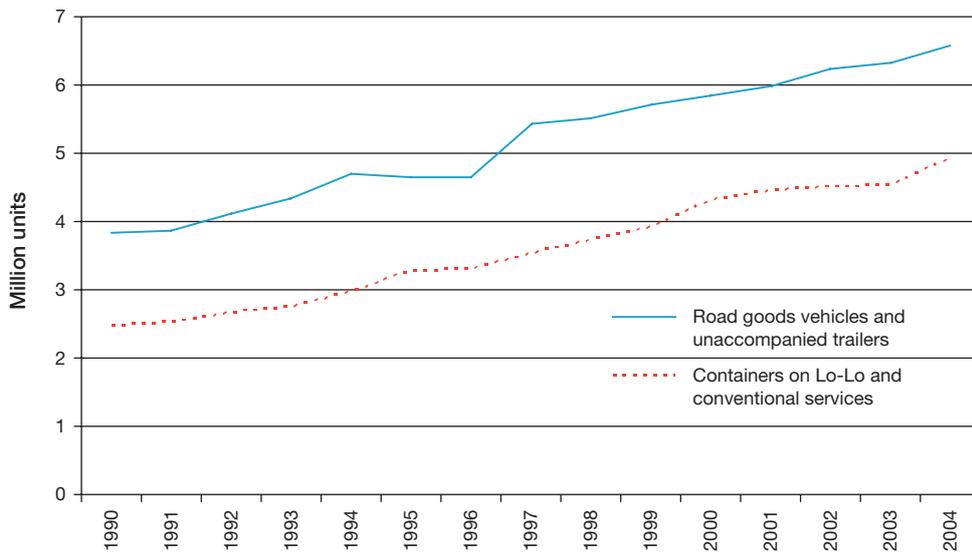


Figure 8h: UK major ports regional share of traffic, 2004



8.53 Growth in traffic has been particularly strong in two key areas, containers and roll-on/roll-off (ro-ro), averaging 5 per cent and 3.5 per cent per year respectively over the last decade.

Figure 8i: UK port traffic – roads goods vehicles and containers 1990-2004



Proposed major port developments

8.54 During 2005-06 the Government has been assessing a number of proposals for the major expansion of container port capacity, in line with the principles of sustainable development.

8.55 Decisions to approve significant increases in deep-water container handling capacity at Felixstowe, and at Bathside Bay near Harwich, were made in February, and March 2006 respectively. The Government has already indicated it is minded to approve a major new development at London Gateway, on the Thames Estuary, subject to addressing concerns around land access and provision of compensation land for natural habitats. We will complete consideration of this case as soon as possible. The Department also gave approval in December 2005 for the new short-sea Quay 2005 container terminal at Hull.

- 8.56 The industry continues to identify new opportunities for container port development, for example, a proposed expansion of the Seaforth Terminal at Liverpool, for which a public inquiry began in April 2006.

Review of ports policy

- 8.57 We are undertaking a review of ports policy, following up the commitment made in *The Future of Transport*. This exercise will be informed by two studies, on forecasting port traffic through to 2030, and on transshipment, via UK or continental ports, aiming to identify the costs and benefits it brings to the UK economy. This review will lead to a revised statement of ports policy.

General Lighthouse Authorities and navigation

- 8.58 General Lighthouse Authorities (GLAs) are funded from light dues, a charge levied on commercial shipping calling at UK and Irish ports. Light dues rates are determined by the Secretary of State and reviewed annually.
- 8.59 As a result of major efficiency gains made by the GLAs through depot rationalisation and more efficient use of the fleet, light dues rates will be reduced by 4 pence down to 35 pence/tonne in 2006-07.
- 8.60 The Trinity House Lighthouse Service (THLS) and the Northern Lighthouse Board (NLB), have commissioned new vessels to modernise and streamline their operations in providing aids to navigation around the coast of Great Britain. The THLS vessel is expected to come into service in spring 2006 and the NLB vessel later in the year.

Port employment and accident rates

- 8.61 The Department carried out a study of port authorities and port related businesses in the UK, published in November 2005, to estimate port employment and to improve information about port accident rates.
- 8.62 The accident rate for businesses on port sites is estimated to be 1.2 accidents per 100 employees on average, annually (range of 1.0 – 1.5 per cent). The accident rate is lower than estimated by Ports Skills and Safety Limited (PSSL) for their members (2.8 per cent in 2004), since

PSSL are thought to have a narrower coverage of port employment activities and include companies more directly involved with port operations (cargo handlers for example), where employees are more at risk.

- 8.63 One of the aims of this study was to consider methods for producing more accurate accident rate statistics for ports linked to the HSE's reported accident statistics, annually. The conclusion of the study is that it is possible and feasible to produce more accurate estimates of port accident rates annually, and the Government and industry need to consider what information is needed for monitoring purposes, taking into account additional costs and expected benefits of improved data. Views will be considered as part of the Department's Ports Policy Review.

Galileo

- 8.64 The Department has the Government lead on the EU's Galileo global satellite navigation programme. Galileo will be complementary to the existing US global positioning system (GPS). The test and development phases are being developed, currently with Trans European Network (TEN) funding, in partnership with the European Space Agency. The Department is providing about a third (£20 million over four years) of the direct UK contribution. In December 2005, the first test satellite, built in the UK, was successfully launched.
- 8.65 An EU PPP is being negotiated for the operational phase. If the negotiations with the current bidder are successful, and the European Parliament and Council approve the Community contribution, the concessionaire should be appointed by the end of 2006. It is proposed that the concessionaire's operating company is based in London. When operational, after 2008, Galileo will provide a more accurate and reliable service, enabling a greater range of applications. The wide range of potential applications is not limited to transport, and includes guidance, signalling and timing services, interactive search and rescue, and added value facilities linked to mobile telephones.

Useful website addresses

Aviation

dft.gov.uk/aviation/projectheathrow

Civil Aviation Authority

www.caa.co.uk/homepage.aspx

Chapter 9

Freight

Strategy and objectives

- 9.1 Efficient freight transport is essential to our economy and to our prosperity. In turn, economic growth increases demand for goods and therefore for their transportation locally, nationally and internationally. Our role is to ensure that goods can be moved freely, reliably and efficiently, while minimising the impact of doing so.
- 9.2 In this context, the Department's two key objectives for freight transport during the year were to:
- facilitate the continued development of a competitive and efficient freight sector while reducing the impact of freight movement on congestion, safety, the environment and other road users; and
 - prepare domestic initiatives to reduce burdens on industry, as part of the Department's drive towards better regulation. This included being active in seeking to ensure more effective enforcement and secure clear EU legislation.

Responsibility for delivery

- 9.3 Unlike for passenger transport, the Government does not secure or purchase freight transport services. The Department is responsible for setting the broad policy context in which the sector operates, including through leading the negotiation of relevant European directives and maintaining appropriate domestic regulations. Responsibility for the enforcement and implementation of the regulatory framework normally rests with the Department's executive agencies (particularly the Vehicle and Operator Services Agency) and the Traffic Commissioners. We work closely with other Departments, most notably the Treasury and the Department of Environment, Food and Rural Affairs (Defra), whose policies can also have an impact on the sector's competitiveness and efficiency.

- 9.4 Private sector operators are responsible for delivering the benefits of less congestion, greater safety and lower environmental impact which arise from the Department's sustainable distribution programmes. We monitor the benefits delivered by grants and Departmentally funded programmes to ensure that the Department achieves good value for money and seeks to prioritise available funding to deliver the greatest overall benefit.

Progress in delivering objectives

Facilitating the continued development of a competitive and efficient freight sector

Promoting sustainable freight

- 9.5 The Department has continued with its programme of research and dissemination of best practice, and grants to enable beneficial modal shift. This programme is wide ranging and results have been encouraging.

Sustainable road freight

- 9.6 Following the success of the sustainable road freight projects funded in earlier years, the Government made available a further £1.5 million during 2005-06 to fund:
- a programme of driver development training to promote and embed Safe and Fuel Efficient Driving techniques in the van sector. Following a pilot which showed this resulted in 10 per cent fuel savings (worth up to £500 per year) per van, contracts to train 200 instructors, 500 novice drivers and 3,000 regular van drivers were let. The distribution of 10,000 copies of accompanying guidance has commenced; and
 - a series of lower value projects to evaluate the impact of earlier work in this area.
- 9.7 Alongside these projects, the Department also commissioned and disseminated further research in order to inform policy and help the industry be more competitive and reduce its environmental footprint. Highlights include:

- **Freight Future** newsletter – 180,000 distributed to inform the industry of the latest best practice;
- **Backloading guide** – to help small businesses identify and benefit from increased backhauling;
- **Regional Distribution Centres** – to help different stakeholders share the benefits;
- **Computerised Vehicle Routing and Scheduling (CVRS)** – full guide and an abridged versions aimed at drivers; and
- **Advice on job costing** – guides to help operators allocate and manage the real costs of each activity, understand their real costs when setting rates and decline uneconomic work.

9.8 The marketing and promotion of new and existing guides rebranded as ‘Freight Best Practice’, has been the emphasis of a new three year contract to help operators implement best practice. 39,000 visitors downloaded over 60,000 guides from the new, simpler, website in the first six months.

9.9 Research has continued into the logistics of waste and a new project is underway to develop tools to help industry manage and reduce the impact of reverse logistics following an earlier feasibility study. Both projects involve Defra and industry. The Department is also helping shape a four-year programme of research into sustainable distribution, funded by the Engineering and Physical Sciences Research Council, into sustainable distribution. This work will help implement the Department’s objectives while supporting the long-term supply of academic research for the logistics industry.

9.10 The aggregates industry pays a levy for each tonne of primary aggregate (crushed rock, sand and gravel) extracted, part of which is reinvested in the industry to mitigate the effects of its operations. The Department is receiving up to £7 million over three years to focus on mitigating the environmental effects of aggregates transport, principally dust, dirt, noise, vibration, traffic and congestion.

9.11 During the year the Department started to make use of this funding in the aggregates sector by:

- introducing a Safe and Fuel Efficient Driver development training scheme;
- providing 400 site-specific transport business reviews; and
- establishing small, but important research projects to inform policy options for making effective use of future such funding.

Outcomes – road

9.12 The effectiveness of road freight has continued to improve overall as measured by the relationship by the index of lorry traffic intensity (which maps the relationship between economic growth and increases in lorry traffic).

Figure 9a: Index of lorry traffic intensity 1953-2004



Modal shift programmes and funding

- 9.13 The Department has made progress towards the introduction of a mode-neutral way of allocating funding in support of sustainable distribution, as set out in *The Future of Transport*. Rail and water freight grants are managed by a single team and full mode-neutral arrangements for allocation of funding will start from April 2007.
- 9.14 Company Neutral Revenue Support (CNRS) is aimed specifically at inter-modal container traffic on rail. The CNRS grant scheme helps fund the difference in cost between rail and road freight, where the environmental and other benefits justify the support. The £21.8 million spent on the scheme in 2005-06 secured the removal of around 710,000 lorry journeys from UK roads. The current CNRS scheme will cease in March 2007 when EU state aid clearance expires. The Department is working to secure State Aids clearance for a successor scheme as early as possible in 2006-07.
- 9.15 The Track Access Grant (TAG) provides funding to freight train operators to help meet the charges for access to the network. Around £1.1 million was spent through TAG in 2005-06. Further offers of grant totalling around £1.2 million have also been made. These are expected to remove over 100,000 lorry journeys from UK roads by March 2007.
- 9.16 £1 million of funding from the Aggregate Levy Sustainability Fund was made available during 2005-06 to support the Freight Facilities Grant and the Track Access Grant to encourage the modal shift of aggregate transport from road to rail or water.
- 9.17 Around £3.1 million was spent on the Water Freight Facility Grant during 2005-06. During the year, construction commenced on grant-funded facilities for the removal, by water, of spoil arising from the development of Battersea Power Station.
- 9.18 In addition to its grant programmes, the Department has provided some further financial support to Sea and Water, a recently-formed industry body that brings together players in the inland and short sea shipping industries with the purpose of promoting freight on water.
- 9.19 The Department also continues to engage in discussions at EU level to frame programmes to encourage the modal shift of transport of international freight from road to rail or waterways, including the

negotiations on a second 'Marco Polo' grant funding programme and implementation of Sea Motorways projects.

Outcomes – rail and water

- 9.20 Freight moved by rail (measured in net tonne kilometres) increased by around 9.5 percent with 20.7 billion net tonne kilometres moved in 2004–05 compared with 18.9 billion net tonne kilometres the previous year.
- 9.21 Freight traffic on inland waterways totalled 1.5 billion tonne kilometres in 2004, the latest year for which figures are available. This compares with 1.6 billion tonne kilometres in 2003. This 7 per cent fall in inland waters traffic compared with the previous year was mainly due to a decline in dry bulk traffic. Coastal freight movements totalled 35.4 billion tonne kilometres in 2004 (33.1 in 2003), a 6 per cent increase over the previous year.

Safe transport of goods

- 9.22 For freight classified as dangerous in transport, including radioactive material, regulations amending the Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations came into force on 22 July 2005 updating the regulations to align with the latest (2005) biennial revision of relevant EU Directives. These align with the multi-modal UN Recommendations on the Transport of Dangerous Goods and the International Atomic Energy Agency (IAEA) Safety Standards and similar provisions apply the latest revisions of the international air and sea regulations. For the first time, the GB regulations include mandatory requirements for the security of dangerous goods in road and rail transport. They also extend the requirement to hold vocational training certificates to drivers of vehicles under 3.5 tonnes for all classes of dangerous goods.
- 9.23 The Department plays a leading role in each of the international modal and multi-modal fora developing provisions for the safe and secure transport of dangerous goods. This year it has led the way towards greater harmonisation between IAEA and UN model regulations and initiated debate on promoting greater inter-modal regulatory harmonisation.

Competitiveness of UK industry

- 9.24 The road haulage industry has continued to express concerns about the impact of foreign competition and the level of fuel prices, particularly after the volatility in crude oil prices in the summer. In the pre-Budget Report the Government agreed to establish a joint task group with the industry to examine the finding of a report (by Robbie Burns and commissioned by the Freight Transport and Road Haulage Associations) on this subject.
- 9.25 The Government recognises the importance of equal enforcement against overseas operators who break the law. During the year we introduced enabling provisions in the Road Safety Bill for a system of graduated fixed penalties for offences relating to the operation of commercial vehicles (such as running overweight and exceeding driver's hours limits). The Bill also allowed for the introduction of a deposit scheme whereby hauliers who do not have a UK address will be required to pay a deposit against the fine for their offence. Enforcers will have the power to immobilise any vehicle which they have reasonable cause to believe is likely to abscond before paying the deposit. If the haulier is subsequently found innocent or a lower fine is imposed, the deposit can be refunded.
- 9.26 The pre-Budget Report also announced investment of £2 million in new weigh-in-motion sensors at up to 20 locations around the UK, including key ports. The technology was successfully trialled during the last year and showed that overloaded vehicles were often associated with other infringements such as exceeding driving time limits.

| Figure 9b: Logistics spending 2001-02 to 2007-08 | | | | | | | £ million |
|--|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| Logistics programmes | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans |
| A. Sustainable distribution research and Best Practice Programme¹ | 0.6 | 1.3 | 1.1 | 1.2 | 1.6 | 1.6 | 1.6 |
| B. Road Haulage Modernisation Fund (RHMF) and follow up programmes^{2, 3} | 8.0 | 11.6 | 8.9 | 2.6 | 0.5 | 1.5 | – |
| C. Freight grant and Sustainable Distribution Fund total | 13.4 | 5.9 | 8.7 | 4.0 | 26.4 | 31.5 | 22.6 |
| Rail Grants total ⁴ | – | – | – | – | 23.3 | 24.5 | – |
| Water Freight Facilities Grants ⁵ | 13.4 | 5.9 | 8.7 | 4.0 | 3.1 | 7.0 | – |
| Total RHMF plus freight grants (B+C)⁶ | 21.4 | 17.5 | 17.6 | 6.6 | 26.9 | 33.0 | 22.6 |
| D. Aggregate Levy Sustainability Fund (ALSF)⁷ | – | – | – | 0.2 | 2.4 | 2.4 | – |

¹ Includes the Transport Energy Best Practice Programme and Sustainable Distribution Research.

² RHMF ran until March 2004. An additional package of similar projects was announced for 2004-05, for which £3 million was made available.

³ RHMF expenditure for England only.

⁴ From 2005-06 Rail Freight grants have been administered by DfT. Figures prior to 2005-06 can be found in Figure 5d in Chapter 5.

⁵ Figures for 2005-06 represent gross spend before a clawback of £0.7m against previous schemes that failed to deliver the agreed volumes and benefits.

⁶ Figure for 2007-08 represents total funding for mode-neutral “Sustainable Distribution Fund” which will bring together funding for any items under sections B and C.

⁷ Available funding, with actual spend subject to demand. DfT spend is then refunded by Defra. The future of the ALSF will be reviewed before the end of 2006-07.

Better regulation

National and international regulation

9.27 In December 2005 the Department launched a consultation on proposed reforms to the system of operator licensing for commercial vehicles. The proposal is that in future lorry and bus operators with sites in different parts of the country should be able to make a single application for all the licences they need. There would be accompanying reforms to the various operator licensing fees, reducing transaction costs for both operators and the Government. The intention is to implement the proposals during 2006-07.

- 9.28** Also in December, the UK Presidency secured an agreement between the European Parliament and the Transport Council on a revision to the EU rules that govern how long lorry and coach drivers may spend at the wheel, and the breaks and rest periods they must take. The new rules clarify a number of the ambiguities in the existing legislation, and are expected to enter into force in April 2007 at the earliest.
- 9.29** As part of the agreement the Presidency also facilitated a common Council/Parliament/Commission stance on the introduction of digital tachographs (which record driving time to allow enforcement of the EU rules). Existing legislation requires these to be fitted to all vehicles first used after August 2004, but the technology was not available at the time. The law will now be changed to require fitment to new vehicles from around May 2006. The Driver and Vehicle Licensing Agency (DVLA) has been issuing the associated driver smart cards since summer 2005, and we appear to be among the better prepared countries for the introduction of the digital tachograph.
- 9.30** The UK Presidency also secured agreement on a Directive requiring increased levels of checks for compliance with the drivers' hours rules. The introduction of digital tachographs will allow enforcement agencies to check more records with the same resource.
- 9.31** Regulations implementing EU law applying working time rules to commercial vehicle drivers and other mobile workers came into force in April 2005. Early indications suggest that the new rules have been less disruptive to the industry than had been feared. The Government is committed to reviewing the operation of the new rules during the latter half of 2006.

Local and regional regulation

- 9.32** Regional bodies and local authorities have a number of regulatory levers at their disposal which can influence the distribution of goods, ranging from planning powers through to parking and loading restrictions. The Department wishes to work with these bodies to encourage good practice.

- 9.33 We have continued to encourage dialogue between local authorities and freight transport providers and their customers through Freight Quality Partnerships, and we have refined guidance on the production of regional transport strategies to ensure that issues such as lorry parking capacity are properly addressed.
- 9.34 In 2005 the Cabinet Office and the Department jointly established a working group with local government and the freight and retail sectors to consider barriers to night-time deliveries, which can reduce congestion and pollution. This has led to the development of a delivery improvement guide and a good practice toolkit.

Chapter 10

Protecting the environment

Strategy and objectives

- 10.1 A good transport system is central to a prosperous economy, facilitating better access and greater mobility. But we must balance the increasing demand for travel against our goals of protecting the environment and improving the quality of life for everyone, whether or not they are travelling. This means seeking solutions that meet our long-term economic, social and environmental goals. *The Future of Transport* sets out a strategic framework to address these issues over the next 30 years.
- 10.2 The White Paper reaffirms our commitment to a measured and balanced approach, ensuring that transport delivers the economic and social benefits that underpin our prosperity and welfare, and makes a positive contribution to our environmental objectives. We therefore continue to work closely with the Department for Environment, Food and Rural Affairs (Defra) on issues such as air quality, climate change (together with the Department for Trade and Industry) and the wider sustainable development agenda, through regular meetings of Ministers and senior officials, as well as day to day at the working level. Our progress will be measured against the Public Service Agreements for Air Quality and Climate Change, as well as the key headline indicators in the UK Sustainable Development Strategy.¹
- 10.3 To deliver the above strategy, and to help meet the PSA targets the Department has the following objectives:
- to encourage the use of cleaner vehicles and fuels;
 - to reduce noise pollution from road and air traffic;
 - to integrate transport and land use planning; and
 - to reflect sustainable development principles in decision making.

For more details on the PSA target see Appendix D.

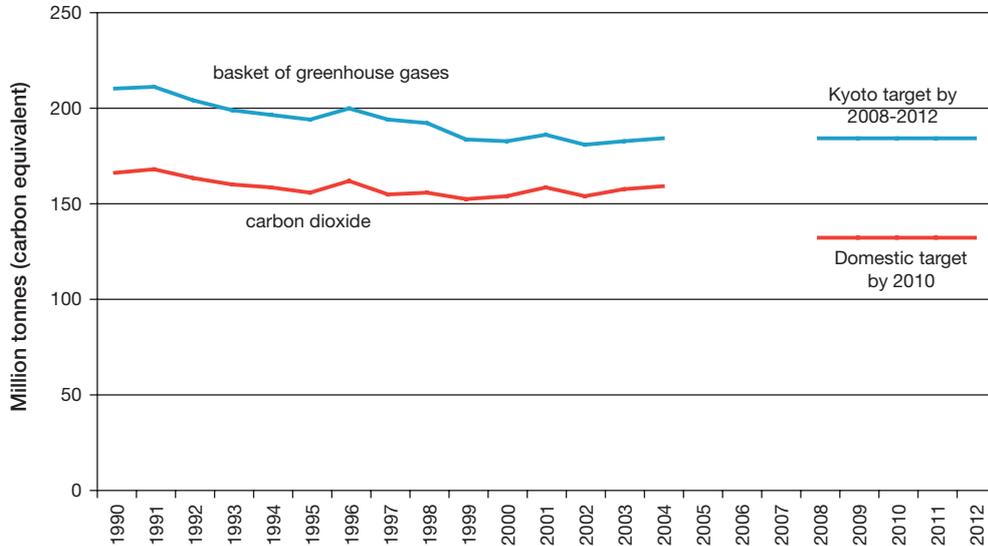
¹ Securing the Future: delivering UK sustainable development strategy, published March 2005.

Progress in delivering objectives

Climate change

- 10.4 We are committed to reducing the greenhouse gas emissions from transport. With this in mind, we are promoting policies to:
- reduce the fossil carbon content of transport fuel;
 - increase the fuel efficiency of vehicles;
 - encourage a move towards more environmentally friendly forms of transport; and
 - work towards including transport in emissions trading schemes.
- 10.5 Since 1 April 2005, we have shared responsibility with Defra and the DTI for the Climate Change PSA target. This target is to reduce greenhouse gas emissions from all sectors to 12.5 per cent below 1990 levels in line with our Kyoto commitment, and to move towards a 20 per cent reduction in carbon dioxide emissions from all sectors to below 1990 levels by 2010. Estimates suggest that the UK is on track to meet its Kyoto commitment, but that more work needs to be done to meet our domestic target.

Figure 10a: Emissions of greenhouse gases (from all sectors), 1990-2012 (2004 is the last year for which figures are available)



- 10.6 The Climate Change Programme (CCP2006), published in March 2006, is looking at further ways to reduce carbon emissions to close this ‘carbon gap’.
- 10.7 Transport accounts for around a quarter of the man-made greenhouse gas emissions from the UK. Transport emissions are rising, while emissions from most other sectors are falling. This is because, in a growing economy, the demand for transport fuel grows faster than the demand for other kinds of fuel.
- 10.8 This is the difficult backdrop against which the Government’s decisions are made. What we need to do is reduce the environmental impact of the journeys people make whilst helping people to make more informed travel choices, which will benefit both them and the environment.

Reducing the fossil carbon content of transport fuel

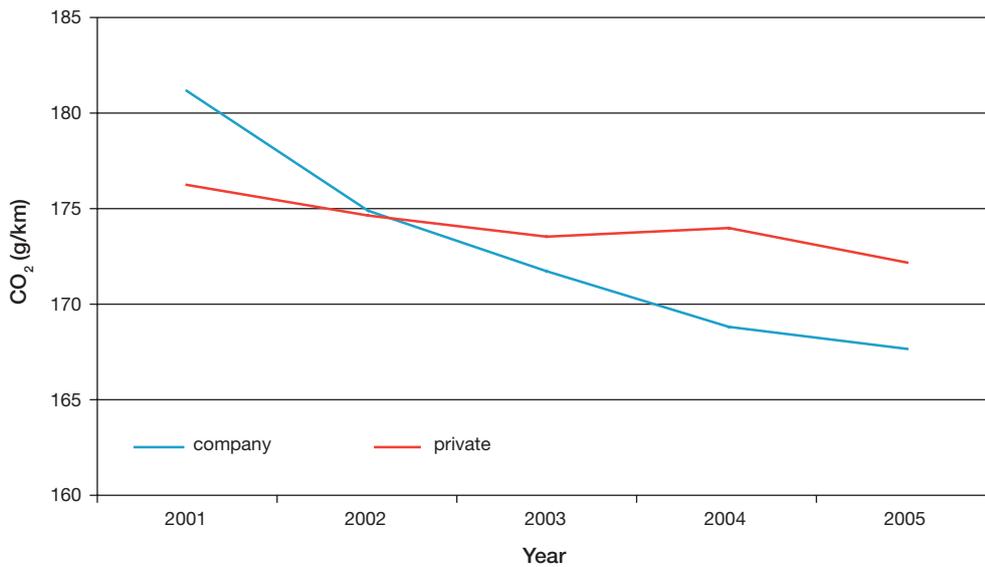
- 10.9 In November 2005, we announced the Renewable Transport Fuel Obligation (RTFO). This means that 5 per cent of transport fuel sold in the UK will have to come from renewable sources by 2010. We estimate that this will cut carbon dioxide emissions by one million tonnes, equivalent to taking one million cars off the road, without stopping people from travelling.
- 10.10 Further detail on the RTFO was announced at Budget 2006. The obligation level has been set at 2.5 per cent in 2008-09 and at 3.75 per cent in 2009-10, in order to ensure significant growth ahead of 2010. The biofuels duty incentive will be maintained at 20 pence per litre (ppl) in 2008-09 to provide further certainty to industry. In addition, the RTFO buy-out price (the price paid by fuel suppliers who fail to meet their obligation) for 2008-09 will be set at 15 ppl. This means that the total support for biofuels in 2008-09 will equate to 35 ppl. The combination of duty incentive and buy-out is also guaranteed in 2009-10, but will reduce to 30 ppl in 2010-11. This approach offers further certainty to encourage investment in the crucial first two years.
- 10.11 Further consultations on aspects of the design of the RTFO will be taken forward over the next 12 months. Work led by the Low Carbon Vehicle Partnership (LowCVP) will also focus on the issue of carbon and sustainability assurance, which reflects the importance the Government attaches to ensuring that biofuels are delivered in a way which maximises lifecycle carbon savings, while ensuring biofuels are sourced sustainably.

Increasing the fuel efficiency of vehicles

- 10.12 Since March 2001, there have been tax incentives to encourage consumers to choose more environmentally friendly vehicles. The more a car pollutes, the more an individual pays in Vehicle Excise Duty (VED). Budget 2006 announced reforms to further encourage cleaner vehicles, including reducing the rate to zero for cars with the very lowest carbon emissions and introducing a new top band for the most polluting new cars. The Budget also announced that the Company Car Tax lower threshold rate will be reduced to 135 g/km CO₂ from 2008-09 and a new lower 10 per cent band will be introduced from 2008-09

for company cars with carbon emissions of 120 g/km or less. This will help to ensure that the downward trend in company car CO₂ emissions continues.

Figure 10b: Average new car CO₂ emissions in grams per kilometre for company cars and private cars in the UK since 2001

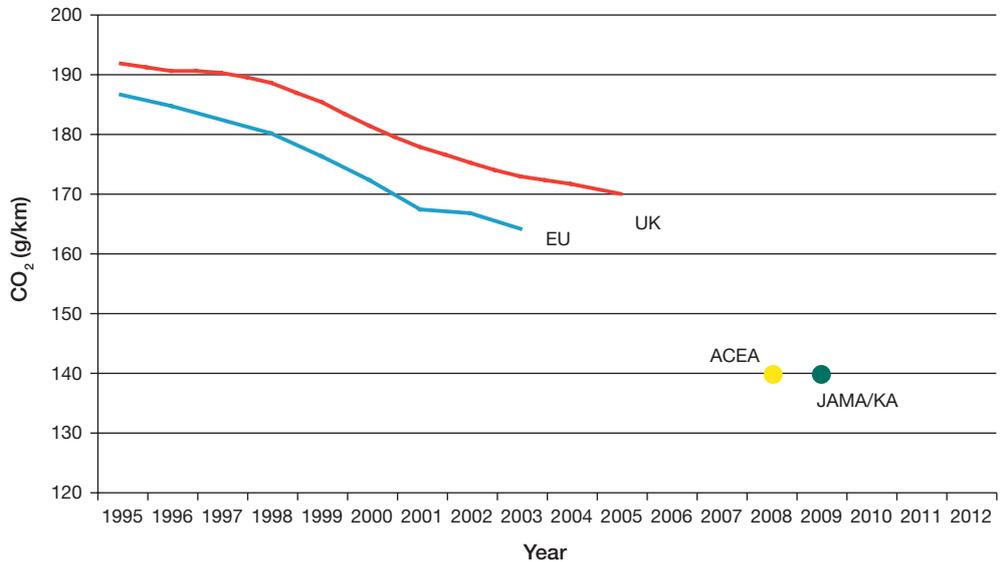


10.13 To help consumers make an informed choice about fuel efficiency, in February 2005 we launched colour-coded energy efficiency labels for new cars, modelled on the ones for household white goods and directly linked to the graduated VED bands. Latest research by the LowCVP suggests that the labels are displayed in the majority of car showrooms.

10.14 We also continue to support the Voluntary Agreements on new car fuel efficiency between the European Commission and the automotive industry. These have already led to major progress, but the rate of improvement has slowed down in recent years. We are pushing for new and better Agreements as soon as possible.

- 10.15 The Government's Powering Future Vehicles (PFV) Strategy, published in July 2002, is a 10-year strategy with two overarching goals:
- to promote the development, introduction and uptake of clean, low carbon vehicles and fuels; and
 - to ensure the full involvement of the UK automotive industry in these developments.
- 10.16 The Government's progress against the Strategy's objectives was summarised most recently in the third annual progress report, which was published in December 2005 and is available via the DfT's website at http://www.dft.gov.uk/stellent/groups/dft_roads/documents/page/dft_roads_610888.hcsp.
- 10.17 The Government has started a review of the targets in the PFV Strategy, and will take this work forward during 2006. As part of this, we have asked the LowCVP for their considered advice on the scope for updating the targets. The review will also be informed by the outcome of the CCP2006, which has been considering the scope for further policy instruments to reduce emissions from all sectors, including transport.
- 10.18 Since the publication of the third annual progress report, new car sales data for 2005 have indicated that new cars sold in 2005 were, on average, 0.9 per cent more fuel efficient than new cars sold in 2004.

Figure 10c: Average new car CO₂ emissions in grams per kilometre for the UK and EU since 1995 (the base year of the voluntary agreement)



10.19 The Government has announced two new grant programmes, an Infrastructure programme and a Low Carbon Research and Development programme. The Infrastructure programme provides grant support for alternative re-fuelling infrastructure including, for example, electric, bio-ethanol, hydrogen and natural gas / biogas refuelling points. The Low Carbon Research and Development programme provides grant support for innovative low carbon vehicle technologies. Further details are available at www.est.org.uk.

Encouraging a move towards more environmentally friendly forms of transport

10.20 The Government is putting record amounts of investment into public transport to give people a real choice of ways to travel, and the UK now has the fastest growing railway in Europe. We have also greatly increased funding for local authority expenditure on infrastructure schemes such as bus lanes, and have funded many new services through the rural bus grants and urban bus challenge.

10.21 The Government supports a range of measures, 'smarter choices', aimed at enabling people to choose sustainable travel options. With the Sustainable Travel Towns Initiative, we aim to help turn Darlington, Peterborough and Worcester into showcase travel towns. With the Travelling to School Initiative, DfT and the Department for Education and Skills (DfES) are on target to have active travel plans in 40 per cent of schools in England by March 2006. We have also set up Cycling England (see Chapter 7), an expert advisory body with an annual budget of £5 million a year for the next three years. (See Chapter 9 for information on sustainable distribution).

Working towards the inclusion of transport in emissions trading schemes

10.22 The UK continues to play a major role internationally in tackling aviation's share of greenhouse gas emissions. The Department works through the International Civil Aviation Organisation (ICAO) and the EU to strengthen the international environmental framework for aviation. The UK continues to pursue the policies set out in the Aviation White Paper, to press for both the inclusion of aviation in the EU emissions trading scheme (EU ETS) and the development of emissions trading at the international level; as well as to explore and discuss options for the use of other economic instruments.

10.23 We therefore welcome the fact that, under our chairmanship, the December 2005 EU Environment Council recognised that emissions trading seems to be the best way forward, and we have urged the Commission to bring forward a legislative proposal before the end of 2006. The Department with Defra are participating in the Commission's Aviation Working Group, looking at the inclusion of aviation in the EU ETS and continue to engage with stakeholders to gather support and pursue this aim.

10.24 We continue to work on emissions trading at the international level through ICAO. There is a commitment there to produce guidance on including aviation in mandatory emissions trading schemes, as well as to offer support for voluntary trading schemes. The UK is closely involved in this activity.

10.25 The Government has been examining the scope for including surface transport in CO₂ emissions trading mechanisms. Whilst the results of our work suggest that this could be a means of delivering carbon reductions at relatively low cost, there are many issues to be addressed before a definitive view can be taken about the desirability of including surface transport in emissions trading. Drawing on the work we have already carried out, we will engage with key stakeholders, the European Commission and other EU Member States to help develop a robust evidence base on the costs and benefits of including surface transport in CO₂ emissions trading at an EU level.

Air quality

10.26 Since 2002, the Department has shared a joint PSA target with Defra to improve air quality by meeting national objectives for benzene, 1,3-butadiene, carbon monoxide, lead, nitrogen dioxide (NO₂), particles (PM₁₀) and sulphur dioxide (SO₂). These objectives are set out in the Air Quality Strategy for England, Scotland, Wales and Northern Ireland.²

10.27 Air pollution can seriously affect people's health. Transport is responsible for a significant amount of air pollution, particularly in urban areas and beside busy roads. Studies such as *An Evaluation of the Air Quality Strategy*³ show that air quality has improved substantially over the past decade, particularly as a result of action to reduce emissions from industrial sites and road vehicles.

10.28 The air quality headline indicator (one of the Government's sustainable development indicators) is used to monitor air quality trends. Following the launch of the new UK Sustainable Development Strategy in March 2005, this now consists of two indicators:

- the number of days on which levels of any one of a basket of five pollutants were 'moderate or higher'; and
- trends in annual levels of particulate and ozone pollution (the two pollutants thought to have the greatest health impacts).

² *The Air Quality Strategy for England, Scotland, Wales and Northern Ireland: Working Together for Clean Air* (January 2000) and Addendum (February 2003):
<http://www.defra.gov.uk/environment/airquality/strategy/>

³ *An Evaluation of the Air Quality Strategy*:
<http://www.defra.gov.uk/environment/airquality/strategy/evaluation/index.htm>

- 10.29** Provisional data for 2005 show that there was an average of 22 days of moderate or higher air pollution in urban areas, compared with 23 days in 2004 and 59 in 1993. In rural areas there was an average of 41 days compared with 44 days in 2004, but, prior to this, figures have varied greatly between 21 days and 64 days, largely because of weather-related ozone pollution. Annual trends for particulates (PM₁₀) show average urban background levels remained unchanged from 2004-2005, but showed a decreasing trend from 1993. There was no clear long-term trend for rural ozone levels.
- 10.30** Our preliminary assessment of results from the national air quality monitoring network, indicate that, in 2005, we continued to meet the objectives for carbon monoxide, benzene and 1,3-butadiene, and lead. However, a number of local authorities have declared Air Quality Management Areas (AQMAs) for the three other PSA pollutants; SO₂, PM₁₀ and NO₂.
- 10.31** Local authorities have a key role to play in improving air quality. They have a duty to check levels of air quality against the national objectives. So far, around 160 local authorities in England have designated AQMAs where air pollution has exceeded acceptable levels, and over 100 have drawn-up action plans to tackle the problems. Guidance for Local Transport Plans (LTPs) was published by the Department in January 2005, and contained, for the first time, guidance on integrating air quality concerns into local transport planning. Local authorities submitted their finalised LTPs at the end of March, and these are now being assessed.
- 10.32** Modelling shows that, although the vast majority of the country will meet our air quality objectives, with present policies and technologies, there are some areas (mostly by busy roads and urban locations) where there has been or will be difficulty in meeting the objectives. Provisional figures indicate that there were locations where the 2005 objective for NO₂ was not met, and indications are that similar obstacles may prevent the UK meeting the objective for particles (PM₁₀) at all locations by the 2010 target date.
- 10.33** In order to move us closer to our PSA target and the UK Air Quality Strategy objectives, the Department has been working closely with Defra, other departments and key stakeholders on the review of the Strategy, which will focus on measures to reduce levels of NO₂ and

PM₁₀ and move us closer to achieving the objectives. A detailed cost-benefit analysis of a short-list of possible additional measures has been undertaken. These measures, which include transport measures, are expected to generate significant health benefits. The review will take a holistic approach by considering the impact of policies and measures on a number of other important areas of work, such as climate change. Public consultation on the review is now taking place, with publication of the report due later in the year.

- 10.34** We are also continuing to work with Defra on the implementation of current air quality measures and initiatives. These include working together with our European partners to create tighter standards for both vehicles and fuels, and encouraging local authorities to develop local air quality targets. Implementation of the air quality PSA delivery plan is overseen by regular meetings of the senior responsible owners from both Departments, supported by regular meetings between policy owners in the two Departments. As with the Climate Change PSA target, performance against objectives is overseen by the Department's Board, who receive regular reports on the overall progress, key milestones and key risks.
- 10.35** There is a close relationship between UK national air quality policy and our European obligations. The objectives in the PSA target and the UK Air Quality Strategy are similar, or in some cases, tighter than the limit values set in European Directives. In September 2005, the European Commission published a thematic strategy on air pollution and a proposal for a new air quality Directive which would streamline the current legislation and introduce a new target for fine particles. The UK took forward initial negotiations on the Directive in the Environment Working Group under our recent Presidency. More detailed negotiations are continuing under the Austrian Presidency. More details about the DfT's PSA targets appear in Appendix D.

Shipping and aviation

- 10.36** Air pollution from transport does not only come from road transport. Shipping and aviation emissions also contribute. The Merchant Shipping (Pollution) Bill will enable implementation of Annex VI to the Marine Pollution (MARPOL) Convention which regulates the emissions of certain atmospheric pollutants from ships, including nitrogen oxides,

sulphur oxides and volatile organic compounds. The Bill has now received Royal Assent.

- 10.37 For aviation, the Government intends that new legislation should be introduced, when Parliamentary time allows, to permit an emissions-related element in landing charges at airports where there are local air quality problems.

Noise

Roads

- 10.38 One of the measures identifiable in *The Future of Transport* is the reduction and mitigation of transport noise. As a matter of course, the Highways Agency (HA) use quieter surfacing when resurfacing a road as part of its planned maintenance programme. Quieter surfacing is also used in all new road construction projects carried out by the HA. In 2006-07, the HA aims to treat at least 110 lane kilometres of concrete roads with quieter surfacing.
- 10.39 All schemes in the HA's Targeted Programme of Improvements (TPI) include high standards of environmental mitigation, as far as reasonably possible, to ensure that the impact of noise (amongst many elements) is minimised. There is also a ring-fenced programme of £5 million per annum to carry out noise mitigation at 79 specific sites where noise has been identified as a problem. The HA have addressed issues at 55 of these 79 (responsibility for five sites has transferred to Transport for London).

Aviation

- 10.40 The Government has introduced the Civil Aviation Bill, currently before Parliament. It contains a range of measures, including strengthening and clarifying the powers available to control noise at airports.
- 10.41 The Department regulates operational noise at Heathrow, Gatwick and Stansted airports directly, and works with other airports to help them set and enforce controls. In July 2004, we began consultation on a new night noise regime at Heathrow, Gatwick and Stansted airports, to apply until 2012. Following resolution in December 2004 of a legal challenge, the consultation process continued with the publication of the second stage of the consultation exercise in June 2005.

- 10.42 Working with these airports, and with airlines, air traffic controllers and the Civil Aviation Authority (CAA), we have completed a review of the joint code of practice which aims to reduce noise from arriving aircraft by promoting a continuous descent approach. A second edition of the code of practice is being produced and is expected to be published in the first half of 2006.

Planning

- 10.43 Transport and spatial or land-use planning have key roles to play in achieving sustainable patterns of development and economic growth; but, to be effective, the two need to be closely co-ordinated. The more efficient use of land can help reduce both the need to travel and the length of journeys made, with associated environmental benefits. Through integration with good public transport, and the promotion of walking and cycling etc, it can also secure greater accessibility for all members of the community whether to jobs, health, housing, education, shops, leisure and community facilities. At the same time, the planning system needs to be able to respond to the need for new transport infrastructure.
- 10.44 The Department continues to contribute to the work of the Office of the Deputy Prime Minister (ODPM) on replacing Planning Policy Guidance (PPG) notes with new Planning Policy Statements, and keeping existing PPGs under review, including PPG13 (transport). PPG13 stated that, where a new development is likely to have significant transport implications, a transport assessment should be prepared and submitted with a planning application. The Department is working with ODPM and the HA on the preparation of guidance on transport assessments.
- 10.45 The Department is looking at the planning process for major transport projects, and in particular, at how delivery can be speeded up. For example, we are well advanced in introducing changes to improve the efficiency and effectiveness of the Transport and Works Act (TWA) procedures, so as to deliver faster decisions and to cut bureaucracy. Following public consultation, it is intended to introduce new applications and objections procedure rules, and new model clauses for TWA Orders, by mid-2006.

Rural proofing

- 10.46 The Department is also playing an important role in the Government's plans for delivering sustainable communities, for example, through the Community Infrastructure Fund (see Chapter 7).
- 10.47 The White Paper *Our countryside: the future – a fair deal for rural England*, published in November 2000, committed the Government to ensuring that all its domestic policies take account of rural circumstances and needs. All departments need to consider the implications of its policies on rural communities to contribute to the sustainable communities agenda. The paragraphs that follow illustrate recent actions that have been taken by the Department that have particular relevance to meeting the needs of rural communities.

Rural road safety

- 10.48 Good progress has been made in improving road safety on rural roads. The current review of the Road Safety Strategy provides an update on developments and progress. Rural areas have benefited from the introduction of longer-term planning on local roads, and improvements for walkers and cyclists. Safety will continue to be part of planning for all routes, and LTPs will be used to promote safer neighbourhoods. Progress on local efforts to reduce casualties will be monitored.
- 10.49 Guidance on setting local speed limits was published in November 2004. This covers the delivery of appropriate vehicle speeds and speed limit order making and signing. The guidance better reflects the needs of more vulnerable road users in rural areas on matters linked to road safety, accessibility and the environment. It remains Government policy for a 30 mph speed limit to be set in villages, where practical. Guidance to local authorities on village speed limits was published in January 2004 and is being incorporated into revised guidance to local authorities on setting local speed limits.

Accessibility planning

10.50 Accessibility planning can help to improve access to work, schools, healthcare, shopping and other services for rural communities. Local Transport Authorities have been developing accessibility strategies as part of their LTPs, which were submitted in March 2006, and were encouraged to consider the particular needs of rural communities in their areas as part of this process. Further information on accessibility planning can be found in Chapter 7.

Rural local public transport

10.51 The Department is committed to the development of rural bus transport by paying grants to local authorities through annual allocations and competition awards. The Rural Bus Subsidy Grant has provided £339 million since 1998 to improve rural bus services.

10.52 Rural Bus Challenge provided £110 million between 1998-2003 for innovative schemes. A new scheme, Kickstart, commenced in June 2005, aimed at pump-priming new and enhanced services. Successful bids for Kickstart schemes in rural areas were announced in November 2005. Of the 43 schemes awarded Kickstart funding, 11 were in rural areas.

10.53 Over 700 services, many of them in rural areas, are now benefiting from the extension to a wide range of community transport organisations of eligibility to receive Bus Service Operators Grant (BSOG). The annual report for 2005-06 of the Department's Mobility and Inclusion Unit provides statistics on community transport schemes, along with notes on stakeholder partnerships. It also details research initiatives underway with the Community Transport Association to ensure the sustainability of rural community transport through the use of the social enterprise model.

10.54 In 2002 a consultative paper entitled *A Flexible Future* set out our commitment on flexible local transport in rural areas. Over 200 flexibly routed services have been registered with the Traffic Commissioner following changes to the registration rules to assist these services which are now also eligible to receive BSOG.

Rural cycling

10.55 Rural roads can provide useful routes and links for cyclists, and good secure cycle parking at rural stations, including lockers at unmanned stations, can help cyclists make cycling part of a longer bike and rail journey. The Department funded a cycle parking initiative in 2004-05 that included providing additional or new cycle parking at a number of rural stations. Of the cycle routes funded by DfT and Cycling England through our 'Links To School' project with Sustrans, around one-third of the 235 kilometres provided are rural. This will provide valuable additional links in rural communities and provide important safer off-road options for children to cycle to school.

Rural rail

10.56 The Department is implementing the Community Rail Development Strategy to improve the long-term viability of local and rural rail services. The Strategy recognises the value of rail services to many of the communities that they serve and suggests methods for increasing patronage and revenue, reducing costs and increasing partnership working with local communities. A number of pilot lines have been established around England to demonstrate what can be done and a number of these have already shown the potential for increasing revenue and improving facilities by working with the local community.

10.57 Long distance trains can also contribute to rural communities by giving access to towns and cities for the rural population and, significantly, providing access for urban populations to visit rural areas for leisure activities which have a major impact on the rural economy.

Sustainable development

10.58 The new UK Sustainable Development Strategy required all departments to produce a sustainable development action plan. The Department produced its first action plan in January 2006. The plan covers DfT Central and its agencies and includes examples of key commitments to sustainable development, ranging from Departmental strategic policy to estates management and recycling.

- 10.59** The Department will report progress on the plan which covers the actions described in this chapter, and others, in its 2007 Departmental Report. The Department's agencies will produce individual sustainable development action plans later this year and publish these on their websites.
- 10.60** In addition, the Department has committed, as part of a cross-Whitehall initiative, to offset the carbon emissions from central government air travel from April 2006, and has been instrumental in working towards the development of a Government Carbon Offsetting Facility.

Appraisal

- 10.61** The Department's New Approach to Appraisal (NATA) framework assesses the value for money of transport spending by considering its impact against 5 overarching government objectives covering; the environment, safety, the economy, accessibility and integration. Within this sustainable development framework there are 23 sub-objectives, 10 of which cover the environmental impacts of transport, ranging from noise and air quality to effects on heritage assets and landscapes.
- 10.62** The environmental sub-objectives are all assessed qualitatively with most using a seven point descriptive scale ranging from large adverse to large beneficial impacts. Work has been on-going to develop the quantification of environmental impacts with appraisal guidance now available incorporating the qualitative assessment of noise impacts with monetary valuation. The Department's long-term aim is to further develop the monetary valuation of environmental impacts and currently work is underway to incorporate monetary valuation in the assessment of greenhouse gases and landscape.

Chapter 11

Safety and security

11.1 The Government's aim is to ensure that people are safe and secure when they use our transport system. Although the risk of accidents on any form of transport is low, we are working to improve safety and security across all modes of transport.

11.2 The Government launched its Road Safety Strategy *Tomorrow's roads – safer for everyone* in March 2000, establishing new long-term casualty reduction targets to be achieved by 2010. The strategy set out in 10 main themes the framework for delivering the targets:

- safer for children;
- safer drivers – training and testing;
- safer drivers – drink, drugs and drowsiness;
- safer infrastructure;
- safer speeds;
- safer vehicles;
- safer motorcycling;
- safer pedestrians, cyclists and horse riders;
- better enforcement; and
- promoting safer road use.

Road Safety Public Service Agreement (PSA) target

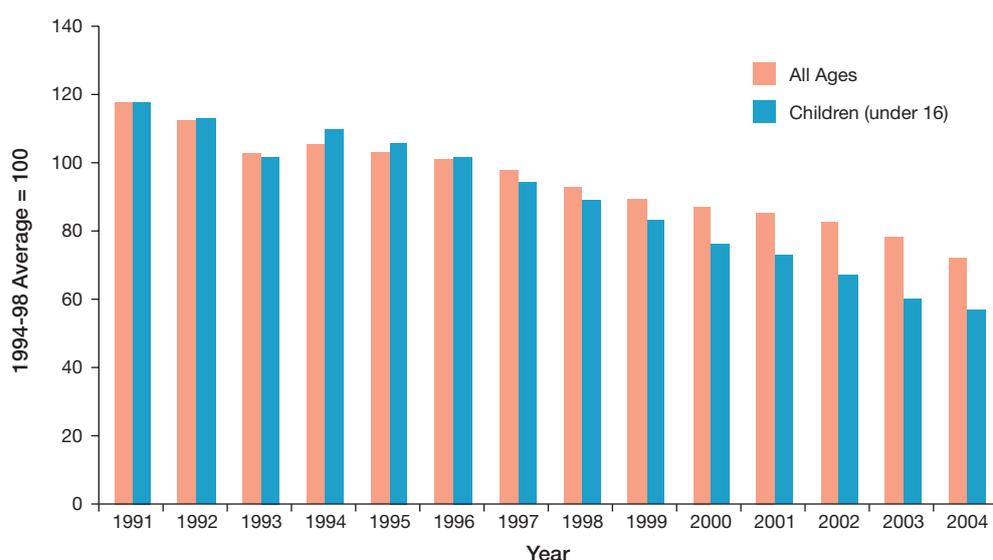
11.3 The Department's PSA target is to reduce the number of people killed or seriously injured in Great Britain in road accidents by 40 per cent, and the number of children killed or seriously injured by 50 per cent by 2010, compared with the average for 1994-98. An additional target, of tackling the significantly higher incidence of casualties in disadvantaged communities, was added in 2002.

11.4 The latest data reveals continued good progress. In the 12-month period to the end of September 2005, deaths and serious injuries were

33 per cent below the 1994-98 baseline, over three-quarters of the way to the 40 per cent target set for 2010. Child deaths and serious injuries, to the end June 2005, were 47 per cent below baseline, almost meeting the child target for 2010. The latest annual data are contained in the full report *Road Casualties Great Britain 2004*, available on the Department's website.

- 11.5 Data for 2004 showed that we are also making good progress on the disadvantage element of the target, with the overall number of casualties in the 88 Neighbourhood Renewal Fund (NRF) areas having fallen at a faster rate (15.8 per cent) than in England as a whole (12.3 per cent) since the baseline period 1999 – 2001.

Figure 11a: Road deaths and serious injuries 1991-2004 as a percentage of baseline averages for 1994-1998 (in Great Britain)



Progress on the Road Safety Strategy

- 11.6 The strategy included a commitment by the Department to review progress in detail every three years, and the first review was published in April 2004. The report can be accessed through our website.
- 11.7 We are now half way through the life of the strategy and, while we are making good progress towards the casualty reduction targets, we are

now planning to review the strategy a second time to ensure that we can most effectively meet the challenges ahead. This second review, which will report later in 2006-07, will attempt to identify the key areas for us to focus on and the most effective ways of tackling them.

Safety cameras

11.8 Safety cameras have remained a very effective means of reducing casualties. Our work on the National Safety Camera Programme this year has included the following:

- Publication in December of the independent review by University College London and PA Consulting Group on the first four years' operation of the National Safety Camera Programme, available through our website. The evaluation confirmed the findings of previous independent reports and that the benefits are now extended to other partnerships. It showed:
 - that cameras continue to make a significant and valuable contribution to the reduction of casualties at camera sites even after taking account of regression to mean;
 - a reduction of vehicle speeds at camera sites of around 6 per cent, and a 70 per cent reduction in vehicles breaking the speed limit at fixed camera sites. The proportion of vehicles exceeding the speed limit by more than 15 mph fell by 91 per cent at fixed camera sites;
 - an association between reductions in speed at a site and the reduction in collisions at that site;
 - public support for the use of safety cameras for targeted enforcement, evidenced by public attitude surveys, both locally and nationally; and
 - benefits to society from the avoided injuries in excess of £258 million a year, compared with enforcement costs of £98 million.
- In parallel with the four year review, a stock take of the National Safety Camera Programme which set out a new package of

measures to change the financial and governance arrangements of the programme. The key points are:

- the national programme is now mature, having successfully been rolled out to all but two police force areas. The time is now right to integrate cameras into the wider local road safety toolkit;
 - the current netting off arrangement whereby the cost of certain enforcement operations can be reclaimed from fine revenues has enabled a very rapid roll-out of the safety camera programme, but these funding arrangements are not sustainable for the long-term and so netting off arrangements will cease at the end of March 2007;
 - from 2007-08, revised funding arrangements will incorporate the funding of cameras into the LTP in England. The Department will allocate an additional £110 million a year in England for the first four years of the new arrangements. As well as providing a significant increase in overall funding, the new arrangements will give greater flexibility to authorities to choose the mix of road safety measures which will deliver the most effective casualty reductions in their areas. Safety cameras will continue to play an important part but their operation will be integrated into broader road safety partnerships, thereby strengthening governance and local accountability arrangements.
- The Department also published in January an updated *Handbook of Rules and Guidance for the National Safety Camera Programme for England and Wales for 2006-07*, with clear but flexible criteria for the location of camera sites, to ensure that cameras can be used where there is a strong road safety need.

Working with local highway authorities

11.9 Local highway authorities are our key partners in delivering the casualty reduction targets locally. Our work with authorities this year to identify and share best practice included:

- continued implementation of our £40 million programme of pilot and demonstration projects, including:

- ‘Kerbcraft’, a programme of child pedestrian training schemes for 5-7 year-olds in 100 local areas;
 - funding of £1 million each to 10 local authorities to support demonstration projects on ‘mixed priority routes’ to show how main roads can be made safer without restricting traffic flow. Six of the ten schemes, in Crewe, Hull, Liverpool, Manchester, Norwich and Oxford, are now complete;
 - the Inner City Road Safety project in east Birmingham to demonstrate the benefits of an area-wide partnership approach to delivering road safety in a disadvantaged part of the city; and
 - extending the £17 million Neighbourhood Road Safety Initiative for a further year, assisting 15 authorities in the North West, the Midlands and Yorkshire to tackle the road safety problems of their disadvantaged communities.
- awarding Beacon Council status to six local highway authorities for their excellence in delivering a road safety service. We will work with the Beacons over the coming year to ensure that their good practice is made available to others.

Motorcycling

11.10 The Department has been awarded a Prince Michael International Road Safety Award, for its work in producing the Government’s Motorcycle Strategy, and for its motorcycle safety publicity campaigns. Since the Strategy was published in February 2005, the Department has continued to work with motorcycle user groups and the manufacturing, retail and training industries to implement the actions in the plan. The industry-led National Motorcycle Council is overseeing implementation, with the full involvement of the Department.

Road safety publicity

11.11 The Department undertook a comprehensive review of the THINK! road safety campaign in 2005, involving independent research and consultation with stakeholders and the general public.

11.12 The review resulted in the development of a three year communications strategy published in January, which includes both

high profile campaigns on key topics such as speed and drink-drive, and also engagement with higher risk and harder to reach target audiences such as children and teenagers, young drivers, motorcyclists and those driving for work.

- 11.13 THINK! won numerous UK, European and International awards and new campaigns were launched on teenager and motorcycle road safety to much positive comment and media interest.

Seat belt wearing

- 11.14 The Department has consulted on new requirements to wear seat belts where fitted in buses and coaches, and on the use of appropriate child restraints in cars and goods vehicles. Regulations will be made in mid-2006.

Research

- 11.15 We have continued our comprehensive programme of research into road safety issues and have completed projects on teenagers and road safety which were fed into the development of publicity campaigns targeting this group:
- motorcycle safety research has contributed to the new motorcycle strategy and supporting activities;
 - evaluation of the effectiveness of the driver improvement scheme;
 - research into interventions aimed at the speeding motorist which has resulted in recommendations for speed awareness courses;
 - in-depth study of work related safety which will be used to tailor remedial solutions; and
 - European-wide project, IMMORTAL, has reported on driver impairment from medicines and illegal drugs.

Figure 11b Road safety expenditure 1999-00 to 2007-08

| | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| Road safety grants and programme expenditure | 0.7 | 2.8 | 5.3 | 6.5 | 12.0 | 14.8 | 15.6 | 12.3 |
| Publicity | 12.6 | 13.4 | 13.4 | 14.9 | 14.1 | 18.1 | 14.6 | 15.1 |
| Consultancies for roads and local transport¹ | 3.5 | 4.2 | 4.6 | 3.6 | 3.7 | 3.7 | 4.3 | 4.5 |

Our published research reports and a compendium of current and recently completed projects is available on the Department's website.

The Driver, Vehicle and Operator (DVO) Group

Safety and crime prevention

- 11.16** The DVO Group provides a range of service to help drivers, vehicle owners, manufacturers and operators meet the required standards they need to travel safely and securely on our roads. During 2005-06 the focus has been on continuing to deliver the Group's core programme of roadworthiness testing to ensure customers comply with the standards required of them, as set down in legislation. The majority of customers readily meet these standards however a small minority fail to meet their obligations.
- 11.17** During 2005-06 the Group has increasingly moved towards a more targeted approach in dealing with the non-compliant, making full use of the opportunities offered by new technological advances. The introduction of continuous registration, aimed at reducing the number of untaxed vehicles on the roads, has reduced tax evasion to 3.6 per cent against the 2004 baseline of 4.8 per cent and led to the collection of an additional £60 million of vehicle tax revenue.
- 11.18** The Group has also increased its roadside enforcement activities to target unroadworthy vehicles through greater use of automatic number plate recognition (ANPR) cameras and the Vehicle and Operator Services Agency's (VOSA's) powers to stop accreditation. As a result the number of dangerous vehicles taken off the road has increased to 14 per cent (as at the end of February 2006) against a target of 11.6

per cent and the number of compliant vehicles detained at the road side has dropped to 74 per cent (as at the end of February 2006) against a target of 77.1 per cent or below.

- 11.19 During 2005-06 the Group began to implement the recommendations from the Greenaway Report, aimed at reducing the levels of insurance evasion. As a first step, the successful passing of the Serious and Organised Crime Act in April 2005 has given the police access to the Motor Insurance Database and powers to seize uninsured vehicles. Future developments include introduction of continuous insurance enforcement from the record, subject to the necessary legislation.

Educating drivers

- 11.20 One of the Group's key activities for improving road safety is the education of drivers. During 2005-06 the Driving Standards Agency (DSA) released a second, more extensive edition of its "Are You Ready" DVD to help learners prepare for their driving test. It also delivered almost 5,000 *Arrive Alive* presentations this year to prospective drivers, and over 200 presentations to the more mature driver. The programme of education has been expanded during 2005-06 with the introduction of *Arrive Alive Bike*, aimed at motorcyclists, and *You Can Drive Too*, specifically for the disabled driver. DSA has actively been promoting the Pass Plus scheme, a post-test initiative to increase driver skills for motorway and night driving.
- 11.21 During 2004-05 a package of measures was introduced, designed to improve the standard of driving tuition provided by Approved Driving Instructors (ADIs). Part of this package includes a requirement that all ADIs take and pass the Hazard Perception Test by December 2006. Any instructor who fails to carry out the test will be disqualified from providing tuition. By March 2006, over 17,000 of the 38,000 instructors had passed the test.

Preventing accidents

- 11.22 During 2005-06 VOSA has continued with its collision inspection service, alongside the police, to help build up knowledge about what causes accidents and what can be done to prevent them, with the aim of reducing the 19,000 accidents every day (statistic from the

Association of British Insurers). One of the main causes of accidents is driver fatigue and the introduction of digital tachographs, expected in May 2006 is designed to monitor and enforce compliance in line with the EC Working Time Directive.

Vehicle and identity crime

11.23 Many of the DVO Group's activities also help to tackle the serious problem of vehicle-related crime. Some of the key achievements during 2005-06 are listed below.

11.24 Since October 2005 DVLA has doubled its wheel clamping activities. The increase in wheel-clamping activity aims not only to reduce the number of untaxed vehicles on the road but also to tackle the problem of abandoned or nuisance vehicles. Often, these vehicles come to the end of their life naturally, and in support of this, the End of Life Directive was passed in December 2005 ensuring that vehicles are designed in such a way that enables them to meet recyclable targets. New vehicles, which conform to the Directive, will be manufactured from 2008, with the Vehicle Certification Agency (VCA) heavily involved in the design work.

11.25 Number plate security is becoming a key priority as a result of an increase in cloned vehicles. Following Ministerial approval, and with agreed standards in place, DVLA launched the first pilot of 'chipped' number plates early in 2006, in association with four police forces. The pilot is expected to last for six months and the results will feed into future development of electronic vehicle identification.

11.26 Identity crime is also on the increase. DSA has seen a doubling in the amount of identity fraud at driving tests with over 300 cases investigated during 2005-06, leading to a significant number of arrests and convictions. Provision for improving the security of driving licences is contained in the Road Safety Bill, including proposals to withdraw the paper counterpart to the driving licence and to have mandatory renewal of photocard licences every 10 years. It is hoped that the Bill will receive Royal Assent during the summer of 2006.

The Board of Transport Accident Investigators

11.27 The Board exists in order to share best practice and to ensure the most efficient use of resources between the Air, Marine and Rail Accident Investigation Branches. The year 2005 saw:

- experience from the Air Accident Investigation Branch (AAIB) and the Marine Accident Investigation Branch (MAIB) being used to inform the development and successful introduction of the Rail Accident Investigation Branch (RAIB);
- the successful development of three independent AIB websites, all produced by a single contractor under a common contract;
- the continued development of common skills and training for accident inspectors; and
- shared resources and expertise in the recruitment of new inspectors.

Railway safety

11.28 Rail remains the safest form of surface transport in Great Britain. The Health and Safety Executive's (HSE's) annual report on railway safety 2004 reflects steady and positive improvements, particularly on the mainline railway. Exceptionally, this report covers a nine-month period ending 31 December 2004. This is to bring reporting arrangements in line with the rest of Europe. The risk from signals past at danger (SPADs), a significant contributor to the overall risk, has continued to fall as a result of the introduction of the Train Protection and Warning System (TPWS), and the anticipated risk reduction is being achieved. By February 2006, the SPAD risk had reduced by 87 per cent from the benchmark set at the end of March 2001.

11.29 The number of fatalities to workers in this reporting period is four compared with nine for the previous year (which included the incident at Tebay in February 2004 when four track workers were killed). During the same period there were 26 train incidents at level crossings. There are around 9,000 level crossings in the UK with approximately 8,000 crossings on the mainline network. In total there were 11 people killed in incidents at level crossings during the nine month period from 1 April 2004 to 31 December 2004, five members of the public, five

train passengers and one railway employee. Of the members of the public, there were three occupants of road vehicles, one cyclist and one pedestrian who were struck and killed while using crossings. These figures include the incident at Ufton level crossing, near Ufton Nervet, Berkshire. Seven people were killed and 37 people were taken to hospital in this incident.

- 11.30** Following in from *The Future of Rail* White Paper, published in July 2004, The Railways Act, received Royal Assent on 7 April 2005. It initiated the transfer of rail safety regulation from the HSE to the Office of Rail Regulation (ORR). The final step took place on 1 April 2006 when the Enforcement Authority Regulations came into force. This change will simplify the regulatory structure of the rail industry.
- 11.31** The Department has continued to work with the HSE to develop transposing regulations to implement the European Railway Safety and Interoperability Directives. These regulations represent an important technical building block in achieving the overall policy objective to open up the market for railway transport services in Europe. Medium to longer-term cost savings are expected as products are standardised and safety verification processes are harmonised.
- 11.32** On the 24 November 2005 the Health and Safety Commission (HSC) published its overall progress report on the remaining recommendations from the Southall, Ladbroke Grove and train protection systems inquiries. The report showed that all but four of the 295 public inquiry recommendations have been implemented, with the remainder well on the way to being implemented. A copy is available on the HSE website at www.hse.gov.uk/railways/railpublic4.pdf.

The Rail Accident Investigation Branch (RAIB)

- 11.33** The RAIB was established by the Railways and Transport Safety Act 2003 and became fully operational in October 2005. The establishment of the RAIB also fulfils the UK duty to provide an independent accident investigation body under the European Railway Safety Directive (2004/49/EC).
- 11.34** The role of the RAIB is to improve the safety of the railways and prevent further accidents from occurring. In order to achieve this it undertakes investigations that look for the causes of accidents and

incidents without apportioning blame. The RAIB investigates accidents and incidents on:

- the railway networks in Great Britain and Northern Ireland;
- the London and Glasgow underground systems;
- tramways;
- heritage railways; and
- the Channel Tunnel in so far as it forms part of the UK.

11.35 During 2005 the Railways (Accident Investigation and Reporting) Regulations 2005 were made and came into effect on 17 October 2005 in respect of the rail networks in the UK and on 31 January 2006 in relation to the UK portion of the Channel Tunnel. Supporting guidance on the regulations was also published.

11.36 The RAIB worked with the police and HSE to develop Memoranda of Understandings for both England and Wales, and for Scotland to provide the framework within which each party can carry out their respective roles and responsibilities, and where necessary, carry out parallel independent investigations in co-operation with one another in a way that achieves the best outcome in the public interest for all concerned. An agreement has also been reached with the bureau d'enquêtes sur les accidents de transport terrestre (BEA-TT), the French equivalent of the RAIB, on co-operation and assistance in investigation of railway accidents within the Channel Tunnel.

11.37 Between April and October, the RAIB worked in shadow response mode with HSE and the industry to validate its procedures and processes, provide experience to its investigators, and establish effective accident reporting and working relations with the industry.

11.38 Since becoming operational the RAIB has received 177 notifications of accidents and incidents. This has resulted in 28 full RAIB-led, investigations. As they are completed the reports of all full investigations will be made available on the RAIB website at www.raib.gov.uk.

Aviation safety

- 11.39 The Government's role is to promote successful, safe and sustainable air transport services, domestically and internationally
- 11.40 Our current key objective is to ensure effective safety, economic and airspace regulation for the aviation sector (including the Civil Aviation Authority (CAA), the European Aviation Safety Agency (EASA), Single European Sky, the International Civil Aviation Organisation and Eurocontrol.
- 11.41 The Department sponsors CAA, which is responsible for the day-to-day safety regulation of UK airlines, airports and air traffic control, and for issuing airworthiness and maintenance approvals on behalf of EASA. The Department promotes legislation to provide a framework for CAA's safety responsibilities and participates in European and global initiatives to promote safety.
- 11.42 The Department continues to improve safety by:
- strengthening the safety oversight of foreign aircraft, including the management of the UK's ramp check programme, which is part of the wider European programme of aircraft inspections;
 - through our seat on the Management Board on EASA, working to ensure that it delivers an efficient, high quality safety regime; and
 - funding the CAA to undertake the investigation and prosecution of breaches of aviation safety legislation, and to advise us on the safety of foreign-registered aircraft. In 2005, CAA inspected 194 foreign registered aircraft suspected of non-compliance with international aviation standards on our behalf.

Aviation safety in the UK's Overseas Territories

- 11.43 The Department is responsible for ensuring that the UK's Overseas Territories meet international requirements for aviation safety regulation. Air Safety Support International (ASSI), a CAA subsidiary company established under direction from the Department, provides assistance to the Overseas Territories on safety regulation issues

The Air Accidents Investigation Branch (AAIB)

- 11.44 The role of the AAIB is to improve aviation safety by determining the causes of air accidents and serious incidents and making recommendations intended to prevent recurrence. The AAIB discharges the UK's obligations under Annex 13 to the Convention on International Civil Aviation and its responsibilities are defined by the Civil Aviation (Investigation of Air Accidents and Incidents) Regulations 1996. The AAIB investigates aircraft accidents and serious incidents that occur in the UK or that involve UK registered or manufactured aircraft overseas. It also participates in accident investigations worldwide where there is a specific UK interest and provides technical assistance to the Ministry of Defence in support of Boards of Inquiry investigating military aircraft accidents.
- 11.45 In 2005 the AAIB investigated 288 accidents and incidents; this figure includes 64 field deployments. In addition the AAIB has assisted in two military investigations and has taken part in 31 overseas investigations.

The AAIB publishes all its reports and they are available on its website at www.aaib.gov.uk.

Shipping safety

The Maritime and Coastguard Agency (MCA)

Safer lives

- 11.46 During 2005-06, after a tendering process, the MCA signed an interim contract for Search and Rescue (SAR) helicopter provision up to 2012, and is pursuing a longer-term harmonised arrangement with the Ministry of Defence, which is expected to start from 2012. Under the interim contract, a new fleet of more modern helicopters will be provided to replace those currently operating in HM Coastguard livery.
- 11.47 The MCA is continuing to develop its prevention work, by enhancing its base data and continuing with prevention initiatives, working with a number of partner organisations. The MCA will continue to monitor the promptness of SAR response decisions to ensure that a high level of effectiveness is maintained.

Safer ships

- 11.48 The MCA has continued to work closely with the shipping industry to maintain a quality UK register. Since the formation of the MCA in April 1998, the register has increased in tonnage terms from around 4 million gross tonnes to around 12 million, and the UK is documented internationally as one of the highest quality, safest shipping registers in the world. The MCA also has responsibility to implement Port State Control inspections of foreign ships visiting UK ports to ensure compliance with international safety regulations.
- 11.49 The Agency is among world leaders, having worked with the Chief Fire Officers Association (CFOA), the Office of the Deputy Prime Minister (ODPM) and the Ministry of Defence to create 15 specialised units around the UK coast to respond to fires on ships at sea. Coastguards in co-ordination centres will work with firefighters to deliver this service.

Cleaner seas

- 11.50 The MCA has continued to respond to maritime pollution incidents off the UK coast in accordance with the National Contingency Plan. Early intervention ensured that none of these became major. The Agency also led on the 2006 refresh of the National Contingency Plan.
- 11.51 The Agency has produced and consulted upon legislation to implement Annex VI to the Marine Pollution (MARPOL) Convention, to restrict the emissions of certain atmospheric pollutants, including nitrogen oxide (NO_x), sulphur oxides (SO_x) and volatile organic compounds (VOCs). UK legislation is expected to come into force during 2006.

The Marine Accident Investigation Branch (MAIB)

- 11.52 The role of the MAIB is to improve safety at sea by determining the cause and circumstances of marine accidents and, working with others, to reduce the likelihood of them happening again. It is responsible for investigating accidents involving UK-flagged vessels anywhere in the world, and vessels of any nationality within UK territorial waters.

- 11.53 In 2005 the MAIB received 1,796 accident and incident reports, an increase of some 20 per cent over 2004. Of these, 24 resulted in full investigations leading to published reports and a further 40 were the subject of preliminary examinations in which key evidence was collected and analysed and recommendations made. Another 1,055 were pursued as administrative enquiries with information gathered being considered and recorded.
- 11.54 Revised Regulations, *Merchant Shipping (Accident Reporting and Investigation) Regulations 2005*, were introduced during the year. These replaced the 1999 Regulations as the statutory basis for the MAIB's work. Two key changes, which are already having a significant impact on the effectiveness of the Branch are:
- the duty to report accidents is extended to a wider range of organisations;
 - a mandatory requirement for those in receipt of MAIB recommendations, to give details of their implementation, which are then published in an annual report to the Secretary of State.
- 11.55 In January 2006 the MAIB and the AAIB jointly deployed technical expertise and specialised equipment, which enabled the Egyptian authorities to locate and recover the voyage data recorder from the roll-on/roll off (ro-ro) ferry al-Salam 98, following its sinking in the Red Sea with the loss of about 1,000 lives. The recorder was subsequently brought to the MAIB's premises in Southampton where the data were successfully extracted. More information is available on MAIB's website at www.maib.gov.uk.

Reducing crime on public transport

- 11.56 The Department continues to support the work of the police, local authorities and transport operators to tackle crime on public transport. The Department has continued to develop, evaluate and disseminate good practice on reducing crime and the fear of crime wherever it occurs in the transport system.
- 11.57 Later this year the Department will publish good practice on methods to reduce crime at high crime rail stations in socially excluded areas, and guidance to help transport operators use the legal system more effectively in their fight against crime.

- 11.58** The Department is continuing to investigate in detail the range of staffing options there are to improve personal security. Particular issues being looked at are how staff can deal with rowdy or drunk passengers, and using ‘visible staff’ to reassure passengers and deter offenders.
- 11.59** The Department has continued to promote the Secure Stations Scheme. Since the Scheme’s relaunch last year, there has been a 52 per cent increase in the number of accreditations.
- 11.60** The British Transport Police (BTP) play a role in keeping Britain’s railways safe and secure, and pleasant to use. The BTP works closely in partnership with those who manage the railway, staff and tenants, and local police forces. Over the last two years there has been a significant increase in the funding of the BTP. In 2005-06, the Force’s budget was increased by around 24 per cent and the Government more than doubled its capital funding for the Force, which is on top of their regular income from the industry. The Department also provided a central funding contribution of £3.6 million for the additional costs incurred by the BTP as a result of the London bombings on 7 July 2005.
- 11.61** The Safer Travel on Buses and Coaches Panel (STOP) brings together all those involved in dealing with safety and security to promote and exchange good practice in tackling bus crime.

Transport security

- 11.62** The Transport Security and Contingencies Directorate (TRANSEC) is a major player in the Government’s continuing fight against terrorism alongside colleagues in Whitehall, the police and the Security Service. UK transport systems have been assessed as being at a high level of threat for some time with the events of July 2005 underlining these assessments. The attacks in London demonstrated the intent of terrorists to attack rail networks and their inherent vulnerability.
- 11.63** TRANSEC’s aim is to protect the travelling public, transport facilities and those employed in the transport industries primarily from acts of terrorism and to retain public confidence in transport security. TRANSEC also has a role to play in contingency planning in response to a range of major events both terrorist and non-terrorist in nature.

- 11.64 A key objective of transport security is to ensure that effective and proportionate security regimes are maintained across all of the regulated transport security modes (land transport, aviation and maritime), addressing threats to and vulnerabilities in domestic operations and in respect of UK transport operations overseas, and taking account of new and emerging threats, including to transport 'soft targets'. The transport security regimes are designed, whenever possible, to detect an act of terrorism before it is committed and prevent it happening.
- 11.65 During 2005, a review and rationalisation of the Government's whole counter-terrorist programme (CONTEST) resulted in a move to four separate sub-programmes, of which protective security is one. Within that, transport security was identified as a workstream in its own right. This has provided a more formal framework for the delivery of the Government's security programmes and closer working with key Government stakeholders, the police and the Security Service.
- 11.66 TRANSEC replaced its contacts and compliance management database system with the new TRANSEC Information Management System (TIMS) during 2005. This is a key component of the drive to improve efficiency through the use of technology and will significantly improve the ability of TRANSEC to manage and target its compliance activities within the transport industries and to maintain and make best use of comprehensive compliance records. This is essentially to assist the compliance activity within the Aviation, Maritime and Land Branches; however it also interfaces with policy, tasking, contingency and third-party compliance efforts.
- 11.67 Across the regulated industries TRANSEC inspectors and compliance partners (MCA and VOSA) continued to undertake a range of compliance activities, including monitoring and assessing levels of compliance against the mandatory requirements and pursuing improvements in security standards. A review of TRANSEC's approach to compliance was completed.

Contingency planning

- 11.68 The value of exercises was demonstrated in the response to the events of 21 July 2005 and particularly 7 July 2005. The parallels between real events and experience in exercises, and the value of the

contacts built up through joint participation in exercises, were consistent messages emerging from the post-event reviews held by a number of organisations.

- 11.69 TRANSEC staff took part in a number of government-wide contingency planning exercises, averaging approximately one a month over the course of the year. These were primarily designed to test response and resilience to terrorist incidents or threats and to nationally disruptive events such as an interruption to energy and fuel.
- 11.70 The main responsibility for the response to disruptive events in the UK rests at the local level and with transport operators, but national and even international arrangements may be called on if the crisis is of a scale to require this. The Department has a key role in ensuring that these arrangements operate smoothly to back up the local response and to keep Ministers informed and aware of the decisions that may need to be taken at this level.

Figure 11c: Transport security expenditure 2001-02 to 2007-08

| Logistics programmes | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Estimated outturn | 2005-06 Plans | 2006-07 Plans | 2007-08 Plans |
|------------------------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| Administration pay | 3.0 | 3.4 | 3.8 | 4.4 | 4.9 | 5.5 | 5.1 |
| Administration non-pay | 1.0 | 1.3 | 0.3 | 1.0 | 0.9 | 1.0 | 1.0 |
| Programme frontline pay | 0 | 0 | 1.2 | 2.0 | 2.6 | 2.8 | 2.9 |
| Programme frontline non-pay | 0 | 0 | 0.8 | 0.7 | 0.8 | 1.0 | 1.0 |
| Other programme | 2.3 | 2.7 | 2.2 | 4.9 | 4.8 | 7.4 | 7.9 |

In 2003-04 frontline staff were reclassified from administration to programme resource and pay and non-pay costs were split between the two.

The plan figures for 2006-07 and 2007-08 do not include pressures as identified in the Transport Security 2006-09 Business Plan.

Land transport

- 11.71 In addition to continuing to implement the recommendations of the post-Madrid review of rail security, TRANSEC has been identifying the lessons learnt from the attacks in London on 7 and 21 July. Mandatory security measures were raised to their highest level, which remain in place together with additional measures agreed with industry and the BTP. TRANSEC’s good working relationship with industry enables monitoring of the continued effectiveness and sustainability of these measures.

- 11.72 TRANSEC commenced trials in early 2006 to test various types of security screening equipment on parts of the rail and London Underground network. Some of it was new to the market and some of it was already in use in other transport modes, for example aviation and maritime.
- 11.73 The trials started with passenger and baggage screening on the Heathrow Express service at Paddington railway station in January 2006. They are to continue in other formats at a small number of rail and underground stations during the first half of 2006. The trials were designed to inform decisions on what is, or is not, practical in terms of additional protective security measures on the rail and underground networks, and whether such measures are appropriate and proportionate. The trials drew on the experience of technologies gained from the Research and Development programme.
- 11.74 TRANSEC now formally regulates the Docklands Light Railway (from September 2005) and the Glasgow Subway (from November 2005) and issued security guidance to bus and coach operators (November 2005). In July 2005, the Department implemented new regulations for the transport of dangerous goods by road and rail. Compliance monitoring is being carried out by VOSA for road transport and by TRANSEC's own inspectors for rail transport.

Maritime

- 11.75 TRANSEC has worked with the UK shipping and ports industries to ensure that they are fully compliant with the European Commission regulation on enhancing ship and port facility security. The positive results of inspections conducted by the European Commission during this year have provided further assurance.
- 11.76 The trials of the multi-agency threat and risk assessment (MATRA) concept at sea ports, instigated by the Department and the Home Office, are continuing. A formal review of the trial is not due until later in 2006 but early indications are that port stakeholders have identified benefits from working more closely together to establish priorities for action. These are based on a shared understanding of the risks and a better appreciation of each other's responsibilities.

- 11.77 The Department has continued to promote higher maritime security standards overseas, through the International Maritime Organization and as a member of G8, as well as acting bilaterally. Use was made of funds controlled by the Foreign and Commonwealth Office to help strengthen maritime security capabilities in other countries.
- 11.78 The Department continued to play a key role in the decision-making process of the European Commission, and is working closely with both the Commission and Member States to ensure that new maritime security initiatives are both fit for purpose, proportionate and sustainable. The Department has also intensified its security inspection programme of UK registered cruise ships operating at overseas locations to ensure that effective security measures are in place for this high value sector.

Aviation

- 11.79 Work continued through the year on MATRAs at airports, started in 2003 to encourage all parties concerned to take a comprehensive and fully-integrated approach to airport security. The MATRA process was actively used by airport stakeholders to address any immediate concerns following the attacks in London in July 2005.
- 11.80 The Secretary of State announced on 21 November that the Government had decided to amend the Aviation Security Act 1982 to clarify the responsibilities of airport managers and police in relation to the protection and policing of airports that have been designated by the Secretary of State under section 25 of the Act.
- 11.81 In addition, the Government has commissioned an independent, wide-ranging review of policing at airports, led by Stephen Boys Smith, a retired Senior Civil Servant. The review will aim to identify a sustainable approach to the policing of airports which takes account of the roles and responsibilities of all stakeholders in protecting an airport and in particular addresses the need for funding arrangements that are objective and transparent. It will consider whether the principle of designation can be made to work and if it cannot, propose alternative options. The review is expected to be completed later in 2006.

- 11.82 Delivery during the year under the Department's international aviation security strategy included continued active engagement at both the multilateral and bilateral levels. Revisions to global aviation security standards, developed under a UK lead, were adopted by the International Civil Aviation Organization (ICAO), and the Department was involved closely in the detailed recasting of regulation at the EU level.
- 11.83 TRANSEC also continued to work with a wide range of bilateral partners to help strengthen security standards and performance at airports overseas, to the benefit of UK airlines, making use of funding available from the FCO. The year also saw the establishment by the Department of an additional regional aviation security liaison post, based in Singapore, bringing the total to five altogether.

Chapter 12

Electronic services for customers

e-business

- 12.1 The Department is continuing its previous work to modernise delivery of its public services and has had strong participation in developing the Government's 'Transformation Strategy' published in November 2005.
- 12.2 Key parts of the strategy, with which the Department is engaged, are to develop customer-orientated services, use shared administration systems to streamline operations and the creation of a cross-Government IT profession to aid delivery.
- 12.3 Two established areas of e-business development are within the Driver, Vehicle and Operator (DVO) Group and the Transport Direct team which are reported separately within this chapter. These build upon the Department's early involvement with the cross-Government, citizen orientated, web site www.direct.gov.uk
- 12.4 The Highways Agency has developed its services around the National Traffic Control Centre (NTCC). It now provides road traffic data to travellers via a web based internet service, interactive voice recognition (IVR) telephone service, road side variable message signs (VMSs) or via the media. Further details are provided in Chapter 4.
- 12.6 The number of visitors to the Department's HQ website www.dft.gov.uk has increased on average by approximately 10 per cent over the course of the last financial year. Following a major usability survey a new generation of the website is being planned which will provide improved navigation and interaction with customers.
- 12.7 A new version of the 'Hedgehogs' website supporting the 'THINK!' road safety campaign was launched in August 2005, followed by a marketing campaign in March 2006. The average increase in visitors between August 2005 and March 2006 has been over 300 per cent.
- 12.8 The Department's review of its common support services has resulted in a shared services programme covering Human Resource, payroll and finance functions. Further details are provided in Chapter 3.

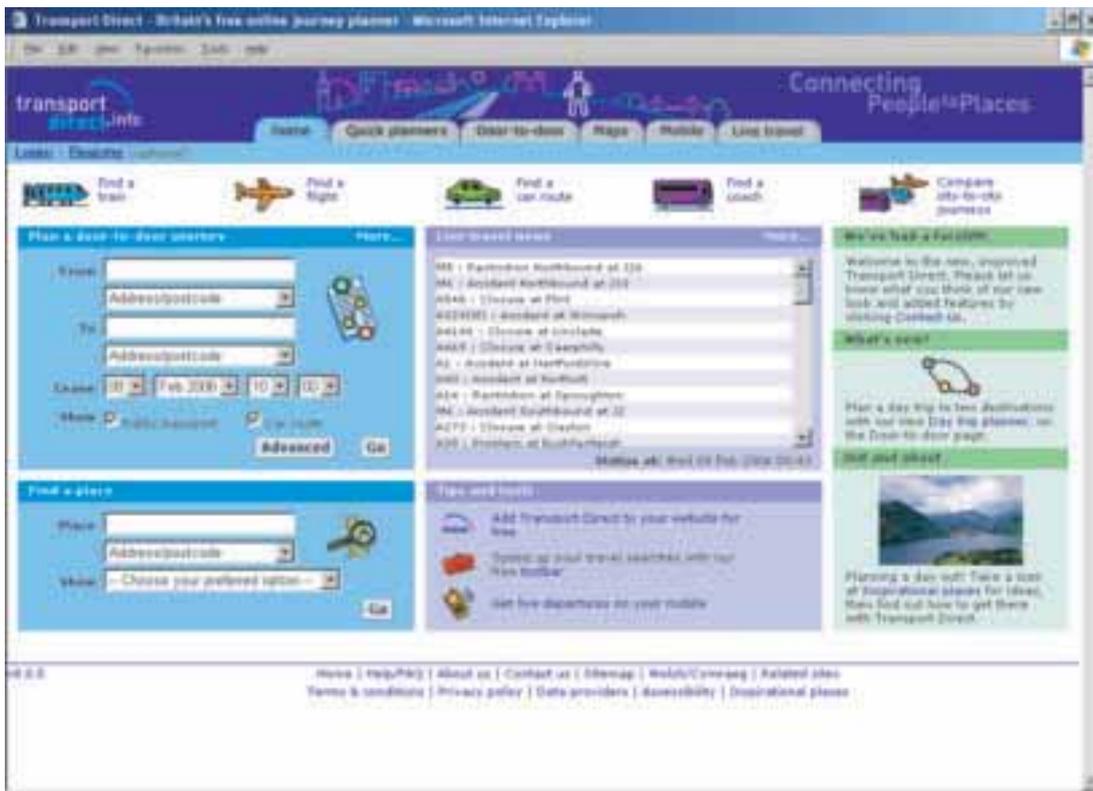
Transport Direct

- 12.9 Usage of the Transport Direct Internet web site (www.transportdirect.info) has continued to increase rapidly with three million user sessions recorded in 2005, the first year of live running (against a target of one million), and 10 million user sessions anticipated by the end of 2006. Overall the Transport Direct programme is meeting its aims, as one of the 30 key e-Government initiatives, of improving the quality and availability of multi-modal travel information and encouraging more intelligent use of the whole transport network.
- 12.10 The site itself has also developed in both scope and functionality. Regular testing shows a very high journey accuracy rate despite the huge number of potential journey permutations and the constantly increasing amount of data available to users. New functionality introduced during the year included:
- access to Transport Direct services via mobile phones and PDAs;
 - availability checking of rail fares;
 - day trip planning facilities;
 - indicative costs for car journeys;
 - park-and-ride information for towns and cities across Britain;
 - direct access to journey planning from the homepage; and
 - improved information for travellers with disabilities.

Providing travel information via third parties

- 12.11 Transport Direct is also working with external organisations to make travel information directly available to audiences beyond those actively searching for a travel information site. Partners for pilots of 'white labelling' arrangements, which allow external organisations to present a branded door-to-door journey planner on their own web site, include the BBC, Visit Britain, GNER and DirectGov. The Transport Direct site also provides a facility which allows any web site owner to add a Transport Direct journey searchbox to their site, allowing visitors to get directions to a business or attraction simply by entering a postcode and clicking 'Go', all without leaving the site they were originally looking at.

Figure 12a: Transport Direct homepage



Feedback from users

12.12 Feedback from users continues to be vital to improving the site and journey accuracy. User satisfaction levels from a self-service questionnaire presented to a sample of users continue to be high and also showed that almost 50 per cent of respondents had changed their travel intentions after seeing the choices offered through Transport Direct. Systems are in place to act promptly on any feedback which highlights problems with Transport Direct or any of its component systems or data sources and we have taken effective and prompt action with partners to address all such issues as they are identified.

Figure 12b: Transport Direct journey searchbox

transport
direct.info

Get directions to Alton Towers - by
car or public transport - with
[Transport Direct](#).

Enter your postcode

The wider Transport Direct programme

12.13 As well as improving data for use in the Transport Direct web site, the Transport Direct programme aims to generate improvements in the quality and availability of travel information throughout the travel information community for the benefit of all. The programme is therefore closely involved with the *traveline* service, with the implementation of electronic bus service registration (EBSR) and with the setting of relevant European standards for travel information. Great improvements have been seen in the field of local transport information since Transport Direct's inception. For example, the coverage of bus real-time information systems has continued to increase with around 45 per cent of the national fleet now equipped with real-time capability; a figure that is predicted to rise to over 50 per cent over the next two year.

Driver, Vehicle and Operator (DVO) Group e-service delivery

12.14 The DVO Group has been engaged in a major business transformation programme since 2003, designed to replace paper transactions with electronic, self-service methods. The new services are structured around the customer's needs, identified through customer research, and aim to be easy to use and accessible 24/7.

12.15 Much of the effort has been focussed on developing systems and processes, although some services such as registering new vehicles and booking a theory or practical test have been available on line for some time. 2005-06 has seen the infrastructure largely in place and a stream of new services introduced as a result, including the following:

- MOT Computerisation – the MOT test has remained largely unchanged since its introduction 40 years ago. The launch of a computerised MOT system in April 2005 marks a significant change to the way MOT tests are administered and will lead to a reduction in certificate theft, fraud and forgery. The system has been rolled out to some 19,000 garages across the country. February 2006 saw the 10 millionth computerised MOT test.
- Electronic Vehicle Licensing – customers with vehicles under three years old, which do not require an MOT test, have been able to renew their car tax on-line since 2004. The roll-out of the computerised MOT system, recording test results electronically, has made it possible for customers with older cars to also tax their vehicle on-line without the need to produce an MOT certificate. The second phase of the electronic licensing system has been available to eligible customers since roll-out of MOT began but was formally launched in January 2006. The system won the strategy and leadership award at the e-Government National Awards in January 2006.
- Driving licences on-line – a key target in the Government’s e-enablement agenda, the ability to apply for a driving licence on-line, was given a soft launch in November 2005 as part of a wider package of electronic driving licence services (Drivers Re-engineering Project). The system will allow customers to electronically:
 - apply for a first driving licence;
 - exchange a paper for a photocard licence;
 - obtain a duplicate licence;
 - change address on the driver and vehicle record; and
 - renew a licence at age 70 or over.

Some 66 million records have already been transferred on to the new database in preparation for the formal launch of the system. The first phase applications for first driving licences, is expected to be launched in the summer of 2006.

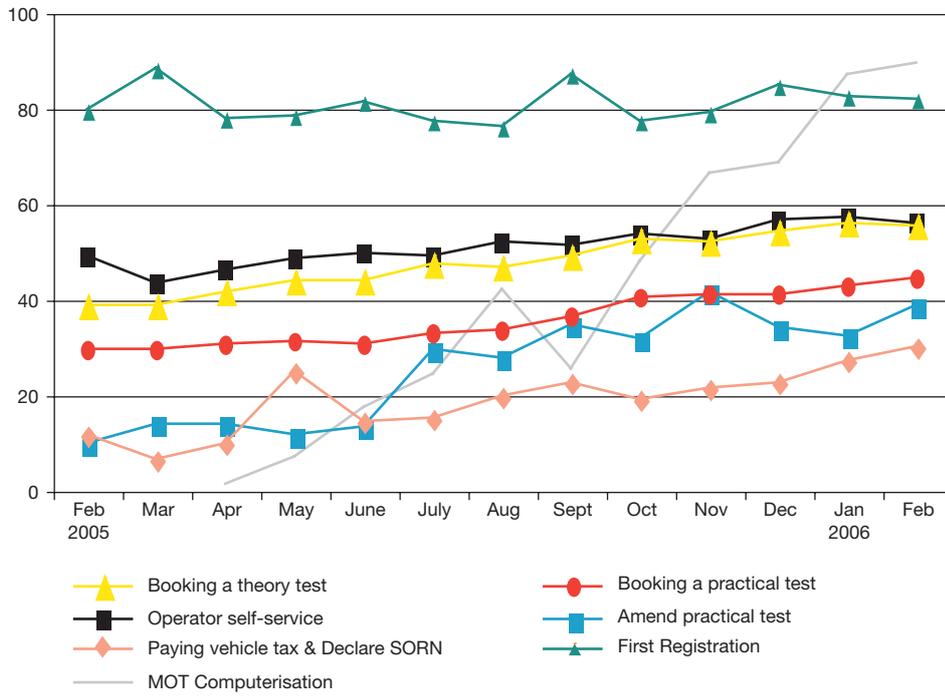
Everything in one place

12.16 In addition to introducing new electronic services, the Group has been making it easier for customers to transact electronically by putting all of its online services and transactions in one place. DirectGov is now the preferred channel of choice for individual customers, with 98 per cent of existing DVO services now hosted and accessed through the Motoring Franchise. TransportOffice, the equivalent portal for commercial customers, was launched in static form in November 2005. The commercial portal is expected to go live during the summer of 2006 and will host a number of new services such as forward bookings for HGV/PSV tests, payment by credit/debit card as well as the existing and successful operator self-serve system.

Customer take-up

12.17 Over two million transactions are now performed electronically every month. This figure is expected to increase substantially as more and more customers renew their road tax online and as new services are introduced during 2006. The Group aims to increase take up to 60 per cent by 2008. The increase in overall customer satisfaction levels, apparent from recent survey results, and DVLA's retention of its Charter Mark status, indicates customers have welcomed the improvements which the Group's electronic services have brought to the access and provision of its services. Figure 12c shows the percentage of customers using DVO Group's services online.

Figure 12c: Electronic transactions: percentage take-up by transaction type



The chart above shows the percentage of customers using DVO Group’s services online.

Appendix A

Public expenditure core tables

The following tables explain what the Department for Transport spends its money on. They provide an analysis of Departmental expenditure plans in resource terms, showing resource consumption and capital investment. The information includes voted and non-voted expenditure, and also shows the extent to which the Department funds local authority activities.

The tables also cover expenditure by the Office of Rail Regulation (ORR).

HM Treasury published additional information covering resource and capital budgets, giving a detailed read-across with the Main Estimates and cash spending plans, as Supplementary Budget information tables published alongside the Main Estimates.

TABLE A1 – TOTAL PUBLIC SPENDING

This table summarises the expenditure on functions that are now administered by the Department for Transport from 1999-00 to 2007-08. The Department was formed in May 2002, so past years' figures have been determined on the basis of expenditure incurred by each of the Department's various functions prior to the machinery of government changes in May 2002. Future figures are those agreed with HM Treasury as part of the Spending Review 2004.

The table is split between the Department's four Public Service Agreement (PSA) objectives set in Spending Review 2004. The consumption of resources includes both administration and programme expenditure.

Local authority expenditure on transport is also shown on this table and the extent to which it is supported by Department for Transport grants.

This table shows separately the figures for ORR.

TABLE A2 – RESOURCE BUDGET

This table provides similar information to Table A1, though in greater detail. It shows the expenditure for key functional areas of the Department, indicating how the Department spends its money.

TABLE A3- CAPITAL BUDGET

This table provides details for the capital expenditure plans in the same format as Table A2.

TABLE A4 – CAPITAL EMPLOYED

This table shows the capital employed by the Department. In a balance sheet format, it provides a high level analysis of the value of the various categories of fixed assets employed by the Department. It also shows details of the current assets, debtor and creditor values, and also the extent of provisions made.

TABLE A5 – DEPARTMENTAL ADMINISTRATION COSTS

This table presents, in more detail, information on the administration costs of running the Department. The administration costs for each of the Department's executive agencies are shown separately.

TABLE A6 – STAFF NUMBERS

This table provides a breakdown of the central Department and agencies' staff numbers. It also includes figures for ORR. Further information about the Department's recruitment and staffing is available in Appendix B.

TABLES A7, A8 and A9 – REGIONAL SPENDING

Tables A7, A8 and A9 show the Department's expenditure analysed according to the country or region of the UK for whose benefit the expenditure has been incurred. They are consistent with the country and regional analyses published by HM Treasury in the Public Expenditure Statistical Analyses 2006 (PESA). PESA contains more tables analysed by country and region, and also explains how the analysis was collected and the basis for allocating expenditure between countries and regions.

TABLE A7 – TOTAL SPENDING BY COUNTRY AND REGION

TABLE A8 – TOTAL SPENDING PER HEAD BY COUNTRY AND REGION

TABLE A9 – SPENDING BY FUNCTION OR PROGRAMME BY COUNTRY AND REGION FOR LATEST OUTTURN, 2004-05

Appendix A

Public expenditure tables

The footnotes for Tables A1, A2 and A3 can be found after Table A3.

| Table A1: Department for Transport total public spending¹ | | | | | | | £ million | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|------------------|----------------|--|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | |
| | Outturn | Outturn | Outturn | Outturn | Outturn | Estimated outturn | Plans | Plans | |
| <i>Consumption of resources:</i> | | | | | | | | | |
| PSA OBJECTIVE 1 | | | | | | | | | |
| Support the economy through the provision of efficient and reliable inter-regional transport systems by making better use of the existing road network; reforming rail services and industry structures to deliver significant performance improvements | 3,539 | 4,029 | 4,736 | 4,605 | 4,966 | 5,010 | 5,992 | 6,736 | |
| PSA OBJECTIVE 2 | | | | | | | | | |
| Deliver improvements to accessibility punctuality and reliability of local and regional transport systems through the approaches set out in Objective 1 and through increased use of public transport and other appropriate local solutions | 822 | 588 | 723 | 2,044 | 1,887 | 1,987 | 2,182 | 2,281 | |
| PSA OBJECTIVE 3 | | | | | | | | | |
| Balance the need to travel with the need to improve quality of life by improving safety and respecting the environment | 229 | 257 | 383 | 352 | 349 | 355 | 375 | 383 | |
| PSA OBJECTIVE 4 | | | | | | | | | |
| Improve cost effectiveness through sound financial management, robust cost control, and clear appraisal of transport investment choices across modes and locations | 116 | 104 | 123 | 125 | 140 | 203 | 222 | 189 | |
| Total resource budget | 4,706 | 4,979 | 5,966 | 7,126 | 7,343 | 7,555 | 8,771 | 9,589 | |
| <i>Total resource budget adjusted for inflation</i> | <i>5,218</i> | <i>5,388</i> | <i>6,257</i> | <i>7,282</i> | <i>7,343</i> | <i>7,400</i> | <i>8,386</i> | <i>8,931</i> | |
| <i>of which:</i> | | | | | | | | | |
| Resource DEL | 2,981 | 2,872 | 3,877 | 5,009 | 5,258 | 5,755 | 6,893 | 6,743 | |
| Capital spending | | | | | | | | | |
| PSA OBJECTIVE 1 | | | | | | | | | |
| Support the economy through the provision of efficient and reliable inter-regional transport systems by making better use of the existing road network; reforming rail services and industry structures to deliver significant performance improvements | 450 | 1,567 | 3,124 | 4,063 | 3,378 | 4,231 | 4,502 | 3,653 | |
| PSA OBJECTIVE 2 | | | | | | | | | |
| Deliver improvements to accessibility punctuality and reliability of local and regional transport systems through the approaches set out in Objective 1 and through increased use of public transport and other appropriate local solutions | 1,173 | 2,234 | 3,012 | 2,522 | 2,578 | 2,346 | 2,511 | 2,682 | |

| Table A1: Department for Transport total public spending¹ | | | | | | | £ million | |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|------------------|----------------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| | Outturn | Outturn | Outturn | Outturn | Outturn | Estimated outturn | Plans | Plans |
| PSA OBJECTIVE 3 | | | | | | | | |
| Balance the need to travel with the need to improve quality of life by improving safety and respecting the environment | 29 | 42 | 58 | 88 | 78 | 86 | 68 | 78 |
| PSA OBJECTIVE 4 | | | | | | | | |
| Improve cost effectiveness through sound financial management, robust cost control, and clear appraisal of transport investment choices across modes and locations | 16 | 13 | 9 | 17 | 10 | 2 | 306 | 296 |
| Total capital budget | 1,668 | 3,857 | 6,204 | 6,690 | 6,043 | 6,664 | 7,386 | 6,709 |
| <i>Total capital budget adjusted for inflation</i> | <i>1,849</i> | <i>4,174</i> | <i>6,506</i> | <i>6,837</i> | <i>6,043</i> | <i>6,528</i> | <i>7,062</i> | <i>6,249</i> |
| <i>of which:</i> | | | | | | | | |
| Capital DEL | 1,668 | 3,857 | 5,237 | 5,720 | 5,978 | 6,557 | 7,386 | 6,709 |
| Total public spending† | 6,344 | 8,792 | 11,897 | 13,234 | 12,738 | 13,448 | 14,938 | 15,152 |
| <i>Total public spending adjusted for inflation</i> | <i>7,034</i> | <i>9,514</i> | <i>12,477</i> | <i>13,525</i> | <i>12,738</i> | <i>13,172</i> | <i>14,284</i> | <i>14,112</i> |
| † Total public spending calculated as the total of the resource budget plus the capital budget, less depreciation | | | | | | | | |
| Spending by local authorities on functions relevant to the Department | | | | | | | | |
| Current spending | 2,600 | 3,021 | 3,407 | 4,454 | 4,618 | - | - | - |
| <i>of which:</i> | | | | | | | | |
| financed by grants from budgets above | 523 | 508 | 718 | 1,191 | 1,886 | 1,931 | - | - |
| Capital spending | 1,321 | 1,797 | 2,393 | 2,468 | 2,612 | - | - | - |
| <i>of which:</i> | | | | | | | | |
| financed by grants from budgets above | 855 | 1,759 | 2,259 | 2,526 | 2,596 | 2,365 | - | - |

| Table A1: Total public spending: Office of Rail Regulation (ORR) | | | | | | | | £000's | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1999-00 Outturn | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans |
| <i>ORR public spending, consumption of resources</i> | 2,550 | 1,390 | -9 | 422 | 2 | 1 | 2,350 | 1 | 1 |
| Total resource budget | 2,550 | 1,390 | -9 | 422 | 2 | 1 | 2,350 | 1 | 1 |
| Total resource budget adjusted for inflation | 2,815 | 1,563 | -10 | 447 | 2 | 1 | 2,293 | 1 | 1 |
| <i>of which:</i> | | | | | | | | | |
| Resource DEL | 2,550 | 1,390 | -9 | 422 | 2 | 1 | 2,350 | 1 | 1 |
| <i>Capital spending</i> | | | | | | | | | |
| | 1,044 | -274 | 433 | 263 | 339 | 228 | 4,700 | 500 | 500 |
| Total capital budget | 1,044 | -274 | 433 | 263 | 339 | 228 | 4,700 | 500 | 500 |
| Total capital budget adjusted for inflation | 1,153 | -308 | 475 | 279 | 349 | 228 | 4,585 | 476 | 464 |
| <i>of which:</i> | | | | | | | | | |
| Capital DEL | 1,044 | -308 | 433 | 263 | 339 | 228 | 4,700 | 500 | 500 |
| Total public spending by ORR | 3,150 | 406 | -108 | 183 | -9 | -172 | 6,700 | -299 | -249 |
| Total public spending by ORR adjusted for inflation | 3,478 | 456 | -118 | 194 | -9 | -172 | 6,537 | -285 | -231 |

ORR: The 2005-06 resource and capital figures reflect additional expenditure on the transition (that is the merger with HSE Rail which took place on 1 April 2006) voted to ORR in winter and spring supplementaries and not recovered via licence fees.

| Table A2: Resource budget for the Department for Transport ¹ | | | | | | | £ million | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|--|
| | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans | |
| PSA OBJECTIVE 1 | | | | | | | | | |
| Support the economy through the provision of efficient and reliable inter-regional transport systems by making better use of the existing road network; reforming rail services and industry structures to deliver significant performance improvements | 3,539 | 4,029 | 4,736 | 4,605 | 4,966 | 5,010 | 5,992 | 6,736 | |
| <i>of which:</i> | | | | | | | | | |
| Aviation ² | 32 | 99 | 28 | 7 | -11 | 10 | 22 | 22 | |
| Dartford tolls | - | # | -68 | -69 | -69 | -69 | -67 | -67 | |
| Railways ³ | 860 | 814 | 1,266 | 782 | 850 | 291 | 650 | 1,329 | |
| Roads transport | -7 | -5 | -2 | -22 | -2 | 19 | 3 | 11 | |
| Transport strategy and delivery ⁴ | # | 1 | # | # | 1 | 10 | 13 | 14 | |
| Highways Agency | 2,627 | 3,107 | 3,473 | 3,873 | 4,171 | 4,708 | 5,322 | 5,397 | |
| Logistics and maritime | 28 | 14 | 9 | 35 | 27 | 43 | 49 | 30 | |
| Financing adjustment ⁵ | - | - | 31 | - | - | - | - | - | |
| PSA OBJECTIVE 2 | | | | | | | | | |
| Deliver improvements to accessibility punctuality and reliability of local and regional transport systems through the approaches set out in Objective 1 and through increased use of public transport and other appropriate local solutions | 822 | 588 | 723 | 2,044 | 1,887 | 1,987 | 2,182 | 2,281 | |
| <i>of which:</i> | | | | | | | | | |
| Greater London Authority Transport Grant | 287 | 213 | 296 | 1,568 | 1,379 | 1,431 | 1,615 | 1,697 | |
| Regional transport | 12 | 12 | 12 | 5 | 2 | 3 | 4 | 4 | |
| Transport strategy & delivery | - | # | 1 | 1 | 3 | 8 | 5 | 5 | |
| Integrated local transport | 523 | 360 | 398 | 444 | 467 | 471 | 503 | 522 | |
| Roads transport. | - | 4 | 16 | 26 | 33 | 37 | 54 | 51 | |
| Major projects ⁶ | - | - | - | - | 3 | 38 | 2 | 2 | |

| Table A2: Resource budget for the Department for Transport ¹ | | | | | | | £ million | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|--|
| | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans | |
| PSA OBJECTIVE 3 | | | | | | | | | |
| Balance the need to travel with the need to improve quality of life by improving safety and respecting the environment | 229 | 257 | 383 | 352 | 349 | 355 | 375 | 383 | |
| <i>of which:</i> | | | | | | | | | |
| Integrated local transport | 5 | 5 | 6 | 8 | 5 | 5 | 9 | 9 | |
| Roads transport | 43 | 49 | 62 | 62 | 54 | 37 | 44 | 43 | |
| Air Accidents Investigation Branch | 5 | 5 | 5 | 3 | 6 | 6 | 4 | 4 | |
| Marine Accident Investigation Branch | 1 | 1 | 1 | 2 | 3 | 3 | 2 | 2 | |
| Maritime & Coastguard Agency | 93 | 94 | 105 | 111 | 118 | 118 | 118 | 123 | |
| Mobility & Inclusion Unit | 1 | 1 | 1 | 3 | 3 | 4 | 4 | 5 | |
| Rail Accident Investigation Branch | – | – | – | 2 | 6 | 4 | 5 | 5 | |
| Transport security | 4 | 4 | 5 | 7 | 6 | 8 | 10 | 11 | |
| Vehicle Certification Agency | # | # | 2 | # | # | # | # | # | |
| Driver and Vehicle Licensing Agency ⁷ | 82 | 96 | 149 | 156 | – | – | – | – | |
| DVLA Trading Fund | – | – | – | – | 133 | 147 | 166 | 168 | |
| DVO Group ⁸ | –5 | 2 | 47 | 0 | 7 | 4 | 3 | 3 | |
| Railways ⁹ | – | – | – | – | 5 | 16 | # | # | |
| Roads vehicles ¹⁰ | – | – | – | – | 2 | 2 | 8 | 10 | |
| PSA OBJECTIVE 4 | | | | | | | | | |
| Improve cost effectiveness through sound financial management, robust cost control, and clear appraisal of transport investment choices across modes and locations | 116 | 104 | 123 | 125 | 140 | 203 | 222 | 189 | |
| <i>of which:</i> | | | | | | | | | |
| Transport analysis and economics | 9 | 10 | 11 | 5 | 5 | 5 | 7 | 7 | |
| Transport strategy and delivery | 1 | 2 | 1 | 1 | 1 | 1 | 2 | 2 | |
| Central administration ¹¹ | 106 | 92 | 110 | 119 | 134 | 198 | 166 | 132 | |
| Departmental unallocated provision | – | – | – | – | – | – | 48 | 48 | |
| Total resource budget | 4,706 | 4,979 | 5,966 | 7,126 | 7,343 | 7,555 | 8,771 | 9,589 | |
| <i>Total resource budget adjusted for inflation</i> | <i>5,218</i> | <i>5,388</i> | <i>6,257</i> | <i>7,282</i> | <i>7,343</i> | <i>7,400</i> | <i>8,386</i> | <i>8,931</i> | |

| Table A3: Capital budget for the Department for Transport ¹ | | | | | | | £ million | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|--|
| | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans | |
| PSA OBJECTIVE 1 | | | | | | | | | |
| Support the economy through the provision of efficient and reliable inter-regional transport systems by making better use of the existing road network; reforming rail services and industry structures to deliver significant performance improvements | 450 | 1,567 | 3,124 | 4,063 | 3,378 | 4,231 | 4,502 | 3,653 | |
| <i>of which:</i> | | | | | | | | | |
| Aviation ¹² | 4 | 4 | 68 | 1 | 5 | -5 | - | - | |
| Railways | 16 | 939 | 2,313 | 3,620 | 2,753 | 3,452 | 3,330 | 2,580 | |
| Roads transport | # | # | # | -7 | -4 | -3 | -1 | -1 | |
| Transport strategy and delivery ⁴ | # | - | # | - | - | 23 | 2 | 1 | |
| Highways Agency | 410 | 607 | 736 | 438 | 609 | 755 | 1,124 | 1,060 | |
| Logistics and maritime | 19 | 17 | 7 | 10 | 14 | 10 | 46 | 12 | |
| PSA OBJECTIVE 2 | | | | | | | | | |
| Deliver improvements to accessibility punctuality and reliability of local and regional transport systems through the approaches set out in Objective 1 and through increased use of public transport and other appropriate local solutions | 1,173 | 2,234 | 3,012 | 2,522 | 2,578 | 2,346 | 2,511 | 2,682 | |
| Greater London Authority Transport Grant | 44 | 990 | 1,500 | 981 | 881 | 731 | 763 | 803 | |
| Regional transport ¹³ | 315 | - | - | - | - | - | - | - | |
| Transport strategy & delivery ⁴ | - | 1 | 2 | 12 | 12 | 10 | 5 | 5 | |
| Integrated local transport | 813 | 1,242 | 1,495 | 1,503 | 1,653 | 1,559 | 1,709 | 1,839 | |
| Roads transport | - | - | 15 | 27 | 32 | 45 | 34 | 35 | |
| PSA OBJECTIVE 3 | | | | | | | | | |
| Balance the need to travel with the need to improve quality of life by improving safety and respecting the environment | 29 | 42 | 58 | 88 | 78 | 86 | 68 | 78 | |
| <i>of which:</i> | | | | | | | | | |
| Integrated local transport ¹⁴ | - | - | 5 | 9 | 29 | 3 | - | - | |
| Roads transport | - | 5 | 9 | 4 | 8 | 16 | 13 | 11 | |
| Air Accidents Investigation Branch | # | # | # | # | # | 2 | # | # | |
| Maritime & Coastguard Agency | 8 | 11 | 16 | 9 | 9 | 8 | 9 | 8 | |
| Mobility & Inclusion Unit | # | 0 | 0 | 0 | 0 | 0 | # | 10 | |
| Rail Accident Investigation Branch | - | - | - | - | - | # | - | - | |
| Vehicle Certification Agency ⁷ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | # | |
| Driver and Vehicle Licensing Agency | 18 | 27 | 22 | 30 | - | - | - | - | |
| DVLA Trading Fund | - | - | - | - | 22 | 12 | 12 | 6 | |
| DVO Group ⁸ | 3 | # | 5 | 36 | 2 | 32 | 28 | 34 | |
| Railways ⁹ | - | - | - | - | 7 | 11 | 5 | 5 | |
| Roads Vehicles ¹⁰ | - | - | - | - | - | - | - | 4 | |

| Table A3: Capital budget for the Department for Transport¹ | | | | | | | £ million | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|------------------|----------------|--|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | |
| | Outturn | Outturn | Outturn | Outturn | Outturn | Estimated outturn | Plans | Plans | |
| PSA OBJECTIVE 4 | | | | | | | | | |
| Improve cost effectiveness through sound financial management, robust cost control, and clear appraisal of transport investment choices across modes and locations | 16 | 13 | 9 | 17 | 10 | 2 | 306 | 296 | |
| <i>of which:</i> | | | | | | | | | |
| Central administration ¹¹ | 16 | 13 | 9 | 17 | 10 | 2 | 22 | 22 | |
| Departmental unallocated provision | – | – | – | – | – | – | 284 | 274 | |
| Total capital budget | 1,668 | 3,857 | 6,204 | 6,690 | 6,043 | 6,664 | 7,386 | 6,709 | |
| <i>Total capital budget adjusted for inflation</i> | <i>1,849</i> | <i>4,174</i> | <i>6,506</i> | <i>6,837</i> | <i>6,043</i> | <i>6,528</i> | <i>7,062</i> | <i>6,249</i> | |

Explanatory footnotes for Tables A1, A2 and A3

- ¹ The figures contained in the above tables (A1, A2 and A3) are on a full resource accounting and budgeting (RAB) Stage 2 basis. In the Pre-Budget Report of November 2005 the Chancellor announced a number of changes to the budgeting system. These changes were designed to simplify the budgeting system and have a significant effect on the figures in the core tables. The main changes to DFT budgets were as follows:
- a. Capital grants, and any associated provisions, are now in capital budgets;
- Capital grants are funds disbursed by the DFT which are used to create assets held by the private sector or charities. As these assets do not appear on the DFT balance sheet they were previously scored as a ring-fenced element of Resource DEL and consequently shown in the Resource table in last year's Departmental Annual Report. DFT's capital grants principally relate to spend on Railway Network Grant and the Channel Tunnel Rail Link – see also footnote 3.
- b. EC Receipts are now within DEL.
- EC expenditure was already classified in the Department's DEL and as EC receipts are now scored in the same way and no longer Annually Managed Expenditure (AME) a ring fence has been removed.
- ² Increased expenditure in 2001-02 as a result of financial assistance granted to Airlines post September 11 2001. The drop in figures in 2003-04 reflects accrued interest on National Air Traffic Services loan (£10.36 million).
- ³ Figures reflect the transfers out to the Devolved Administrations in respect of the changes in franchising and network grant responsibilities. Channel Tunnel Rail Link Provisions are included in the capital budget table from 2002-03 onwards. Expenditure on Mersey Rail is included from 2003-04 onwards. The railways figures show a provision of £25 million for Thameslink in 2002-03, which was reversed in 2003-04.
- ⁴ Transport Strategy includes European Regional Development Fund figures.
- ⁵ The figure for 2002-03 is a cost of capital adjustment. The cost of capital is a charge that applies to assets and liabilities in the balance sheet. The cost of capital charge ensures an appropriate return on the taxpayers' equity. The charge will be at a real rate set by HM Treasury (currently 3.5 per cent) for all assets and liabilities.
- ⁶ Figures do not include planned Crossrail project expenditure in 2006-07 and 2007-08.
- ⁷ Driver & Vehicle Licensing Agency (DVLA) became a Trading Fund on 1 April 2004.
- ⁸ The Driver, Vehicle and Operator (DVO) Group consists of the organisations belonging to the DVO Group that are not separately identified elsewhere in the table (Driving Standards Agency, Vehicle Inspectorate and Vehicle Operator Services Agency). The negative figures indicate net receipts.
- ⁹ Figures relate to net expenditure on British Transport Police (BTP).
- ¹⁰ Spending plans on Road Performance and Strategy Research.
- ¹¹ The figures for Central Administration in Table A2, consist of the relevant net resource allowance within the DfT Administration Cost Limit (see Table A5) and other administration costs not included in the limit such as secondments and ex gratia payments.
- ¹² The Aviation figure for 2002-03 includes a £65 million loan to the National Air Traffic Services (NATS).
- ¹³ Capital grant to London Regional Transport.
- ¹⁴ These figures cover spend on Home Zones.
- # Figures under plus or minus £500,000 are not shown.

| Table A4: Total capital employed in Departmental group ^{1, 2} | | | | | | | £ million | |
|--|---------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|----------------------|----------------------|
| | 2000-01 Outturn ¹ | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Forecast | 2006-07 Projected | 2007-08 Projected |
| Assets on balance sheet at start of year: | | | | | | | | |
| Total fixed assets: | – | 60,604 | 67,112 | 70,700 | 74,528 | 78,251 | 81,847 | 85,477 |
| Intangible fixed assets | – | 79 | 47 | 68 | 20 | 26 | 27 | 28 |
| Tangible fixed assets | – | 60,525 | 67,065 | 70,632 | 74,508 | 78,225 | 81,820 | 85,449 |
| Investments | – | 431 | 515 | 570 | 639 | 638 | 630 | 620 |
| Current assets | – | 608 | 636 | 591 | 565 | 865 | 916 | 948 |
| Creditors (<1 year) | – | –814 | –945 | –879 | –874 | –966 | –989 | –1,016 |
| Creditors (>1 year) | – | –1,471 | –1,450 | –2,482 | –2,486 | –1,099 | –1,322 | –1,372 |
| Provisions | – | –1,206 | –2,272 | –3,049 | –2,861 | –3,721 | –3,778 | –3,942 |
| Capital employed within main department | – | 58,152 | 63,596 | 65,451 | 69,511 | 73,968 | 77,304 | 80,715 |
| NDPB net assets ³ | – | –758 | –531 | 2,392 | 3,906 | –112 | –84 | –82 |
| Total capital employed within main department | – | 57,394 | 63,065 | 67,843 | 73,417 | 73,856 | 77,220 | 80,633 |
| ¹ Figures from 1998-99 to 2001-02 are unavailable as the DfT was not created until June 2002. ² Main Departmental figures only include DVLA until 2003-04, after which time the DVLA became a Trading Fund. ³ NDPB net assets in 2001-02 do not include Network Rail (which is consolidated into the accounts of the Strategic Rail Authority), as the body only began in 2002-03. Network Rail is not included after 2004-05 as it stopped being consolidated into the accounts of the Strategic Rail Authority. | | | | | | | | |

| Table A5: Administration costs for Department for Transport ¹ | | | | | | | | £ million | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------------------|--|-------------------------------|-------------------------------|--|
| | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 ² Outturn | 2005-06 ^{2,3,4} Estimated outturn | 2006-07 ³ Plans | 2007-08 ⁴ Plans | |
| Administration expenditure^{4, 5, 6, 7} | | | | | | | | | |
| Paybill ⁷ | 204 | 206 | 240 | 258 | 140 | 161 | – | – | |
| Other ⁷ | 246 | 273 | 337 | 358 | 106 | 144 | – | – | |
| Total administration expenditure | 450 | 479 | 577 | 616 | 246 | 306 | 289 | 284 | |
| Administration income | –188 | –226 | –241 | –260 | –34 | –35 | –25 | –25 | |
| Total administration budget | 262 | 253 | 336 | 356 | 212 | 271 | 265 | 259 | |
| <p>¹ All figures in this table are consistent with the treatment of administration costs on a full resource accounting and budgeting (RAB) basis.</p> <p>² The year on year increase between 2004-05 and 2005-06 of £58m was mainly due to the following factors:</p> <p>a) An extra £29m taken in the Winter Supplementary for 2005-06 to allow for increased administrative costs arising from the additional responsibilities transferred to the Department as a result of abolishing the Strategic Rail Authority.</p> <p>b) A charge made in 2005-06 of £13m to a provision for dilapidation costs in respect of the Departmental estates in central London.</p> <p>c) Higher costs in 2005-06 of £8m following an increase to Accruing Superannuation Liability Charge rates from 1 April 2005.</p> <p>d) Final outturn in 2004-05 being £8m lower than the budget allocation.</p> <p>³ The year on year decrease between 2005-06 and 2006-07 is mostly due to the £5m cut in administrative costs agreed in the 2004 Spending Review.</p> <p>⁴ The decrease between 2005-06 and 2007-08 is mostly due to the £10m cut in administrative costs agreed in the 2004 Spending Review.</p> <p>⁵ From 1 April 2004, the DVLA became a Trading Fund with budgetary treatment akin to a NDPB and therefore, no longer subject to administration cost limit controls.</p> <p>⁶ From 1 February 2001, the Office of Passenger Rail Franchising became part of the Strategic Rail Authority.</p> <p>⁷ Figures not yet available for 2006-07 and 2007-08.</p> | | | | | | | | | |

| Table A5: Administration costs: Office of Rail Regulation (ORR) ¹ | | | | | | | | £ 000s | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1999-00 Outturn | 2000-01 Outturn | 2001-02 Outturn | 2002-03 Outturn | 2003-04 Outturn | 2004-05 Outturn | 2005-06 Estimated outturn | 2006-07 Plans | 2007-08 Plans |
| ORR gross administration costs | | | | | | | | | |
| Paybill | 5,285 | 6,204 | 4,982 | 5,537 | 6,187 | 6,346 | 7,600 | 18,800 | 19,000 |
| Other | 6,784 | 8,845 | 5,333 | 8,036 | 8,362 | 6,664 | 7,850 | 13,900 | 14,000 |
| Total administration expenditure | 12,069 | 15,049 | 10,315 | 13,573 | 14,549 | 13,010 | 15,450 | 32,700 | 33,000 |
| Administration income | –9,348 | –13,651 | –10,314 | –13,128 | –14,547 | –13,009 | –13,100 | –32,699 | –32,999 |
| Total administration budget | 2,721 | 1,398 | 1 | 445 | 2 | 1 | 2,350 | 1 | 1 |
| <p>¹ ORR: Increased planned expenditure reflects additional expenditure on the transition (that is the merger with HSE Rail which took place on 1 April 2006) voted to ORR in winter and spring supplementaries and not recovered via licence fees.</p> | | | | | | | | | |

| | | Staff years | | | | | | | |
|---|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| | | 2000-01 Actual | 2001-02 Actual | 2002-03 Actual | 2003-04 Actual | 2004-05 Actual | 2005-06 Actual | 2006-07 Plans | 2007-08 Plans |
| Department for Transport ¹ | CS FTEs | 4,870 | 4,270 | 1,900 | 1,801 | 1,816 | 1,930 | 1,966 | 1,929 |
| | Overtime | 40 | 70 | 70 | 70 | 30 | 30 | 30 | 30 |
| | Casuals | 91 | 90 | 30 | 30 | – | – | – | – |
| | TOTAL | 5,001 | 4,430 | 2,000 | 1,901 | 1,846 | 1,960 | 1,996 | 1,959 |
| Driver and Vehicle Licensing Agency | CS FTEs | 4,701 | 5,081 | 5,326 | 6,557 | 6,525 | 6,365 | 6,190 | 6,040 |
| | Overtime | 107 | 106 | 106 | – | – | – | – | – |
| | Casuals | 567 | 183 | 411 | – | – | – | – | – |
| | TOTAL | 5,375 | 5,370 | 5,843 | 6,557 | 6,525 | 6,365 | 6,190 | 6,040 |
| Driving Standards Agency | CS FTEs | 1,742 | 1,851 | 1,949 | 2,184 | 2,465 | 2,541 | 2,735 | 2,741 |
| | Overtime | – | – | – | – | – | – | – | – |
| | Casuals | – | – | – | – | – | – | – | – |
| | TOTAL | 1,742 | 1,851 | 1,949 | 2,184 | 2,465 | 2,451 | 2,735 | 2,741 |
| Highways Agency ² | CS FTEs | 1,980 | 1,624 | 1,677 | 1,781 | 2,124 | 3,141 | 3,492 | 3,492 |
| | Overtime | 15 | 23 | 21 | 8 | 16 | 26 | 25 | 25 |
| | Casuals | 30 | 26 | 20 | 8 | 3 | – | – | – |
| | TOTAL | 2,025 | 1,673 | 1,718 | 1,797 | 2,143 | 3,167 | 3,517 | 3,517 |
| Maritime and Coastguard Agency | CS FTEs | 1,020 | 1,075 | 1,100 | 1,144 | 1,171 | 1,171 | 1,167 | 1,116 |
| | Overtime | 55 | 52 | 47 | 33 | 14 | 32 | 20 | 35 |
| | Casuals | 30 | 40 | 50 | 34 | 22 | 3 | 20 | 5 |
| | TOTAL | 1,105 | 1,167 | 1,197 | 1,211 | 1,207 | 1,206 | 1,207 | 1,156 |
| Vehicle Certification Agency | CS FTEs | 93 | 100 | 104 | 111 | 110 | 116 | 127 | 127 |
| | Overtime | 3 | 4 | 3 | – | – | – | – | – |
| | Casuals | – | – | 3 | – | – | – | – | – |
| | TOTAL | 96 | 104 | 110 | 111 | 110 | 116 | 127 | 127 |
| Vehicle and Operator Services Agency ³ | CS FTEs | 1,947 | 1,900 | 2,110 | 2,760 | 2,703 | 2,682 | 2,569 | 2,560 |
| | Overtime | 88 | 78 | – | – | – | – | – | – |
| | Casuals | 100 | 110 | 80 | – | – | – | – | – |
| | TOTAL | 2,135 | 2,088 | 2,190 | 2,760 | 2,703 | 2,682 | 2,569 | 2,560 |
| TOTAL for the Department for Transport | | 17,479 | 16,683 | 15,007 | 16,521 | 16,999 | 17,947 | 18,341 | 18,100 |
| Office of Rail Regulation ⁴ | CS FTEs | 100 | 108 | 120 | 124 | 139 | 141 | 350 | 350 |
| | Overtime | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Casuals | 3 | – | – | 1 | 1 | – | – | – |
| | TOTAL | 104 | 109 | 121 | 126 | 141 | 142 | 351 | 351 |
| Government Car and Despatch Agency ⁵ | CS FTEs | 277 | 294 | 298 | 298 | 297 | 296 | 296 | – |
| | Overtime | – | – | – | – | – | – | – | – |
| | Casuals | – | – | – | – | – | – | – | – |
| | TOTAL | 277 | 294 | 298 | 298 | 297 | 296 | 296 | – |

Figures are full time equivalent (FTE) staff – thus 2 part-time staff each working 50 per cent of conditioned hours will count as 1 FTE. They are provided with effect from at the end of the financial year to which they relate, so 2004-05 figures are at 31 March 2005. Figures for overtime are not included in data collected by the office of National Statistics and Cabinet Office on civil service numbers.

¹ The numbers prior to 2002-03 are for DETR/DTLR. From 2002-03 onwards the figures are those for the DfT(C). DfT(C) has an efficiency target to reduce FTE numbers by 200 FTEs by 31 March 2007, compared to a 1 April 2004 baseline. However, the 2005-06 and 2006-07 figures show planned growth within front-line units, including the establishment of the Rail Accident Investigation Branch and strengthening the Department's Transport Security Directorate. The 2005-06 figures also take into account 212 additional posts from the transfer to DfT(C) of Strategic Rail Authority (SRA) responsibilities.

² For years prior to 2003-04, an average has been used. 2004-05 and onward figures include traffic officers. The Service reaches full operational capacity in 2006-07.

³ From 1 April 2003 the Vehicle Inspectorate (VI) and the Traffic Area Network (TAN) combined to become the Vehicle Operator Services Agency (VOSA). Figures for previous years are for VI. TAN figures for previous years are included in the DfT total. These figures include Traffic Officers which reaches full operational capacity in 2006/07.

⁴ ORR has increased its complement in 2005/06 to reflect the additional responsibilities it has taken on following the Rail Review, and also in preparation for the merger with HSE Rail. The actual merger, expected 1 April 2006, will increase ORR's FTE to about 350.

⁵ The Government Car and Despatch Agency became an agency of the Department for Transport in November 2005. 2006-07 are the latest figures available.

| Table A7: Department for Transport's identifiable expenditure on services, by country and region | | | | | | | | |
|---|------------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|
| | £ million | | | | | | | |
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| | Outturn | Outturn | Outturn | Outturn | Outturn | Estimated outturn | Plans | Plans |
| North East | 150.9 | 139.3 | 164.9 | 182.3 | 175.6 | 189.8 | 229.6 | 230.6 |
| North West | 393.3 | 425.0 | 458.5 | 880.5 | 899.1 | 887.9 | 1139.2 | 1169.5 |
| Yorkshire and Humberside | 170.2 | 231.6 | 310.0 | 377.5 | 383.4 | 401.4 | 499.2 | 495.0 |
| East Midlands | 236.6 | 256.7 | 304.4 | 447.9 | 442.4 | 470.0 | 583.1 | 593.6 |
| West Midlands | 356.8 | 414.3 | 485.1 | 662.5 | 693.5 | 728.6 | 910.7 | 912.5 |
| Eastern | 468.0 | 447.6 | 446.4 | 646.5 | 523.9 | 550.1 | 683.9 | 685.1 |
| London | 1047.1 | 1395.9 | 2005.5 | 1886.0 | 1204.2 | 1538.8 | 1755.5 | 1308.8 |
| South East | 646.0 | 721.0 | 694.4 | 925.2 | 872.1 | 1039.9 | 1209.0 | 1058.6 |
| South West | 395.0 | 364.9 | 382.1 | 488.4 | 504.0 | 560.5 | 678.7 | 664.7 |
| Total England | 3863.8 | 4396.3 | 5251.2 | 6496.8 | 5698.2 | 6367.0 | 7689.0 | 7118.5 |
| Scotland | 110.4 | 51.2 | 56.8 | 286.1 | 303.3 | 275.9 | 374.8 | 380.5 |
| Wales | 67.2 | 86.2 | 56.3 | 132.3 | 129.7 | 121.6 | 160.5 | 162.1 |
| Northern Ireland | 8.8 | 8.6 | 9.5 | 16.8 | 14.1 | 16.3 | 15.8 | 17.0 |
| Total UK identifiable expenditure | 4050.2 | 4542.2 | 5373.8 | 6932.1 | 6145.3 | 6780.8 | 8240.0 | 7678.0 |
| Outside UK | 12.4 | 156.7 | 176.5 | 169.6 | 236.9 | 604.4 | 512.8 | 79.0 |
| Total identifiable expenditure | 4062.5 | 4698.9 | 5550.3 | 7101.7 | 6382.2 | 7385.2 | 8752.8 | 7757.0 |
| Non-identifiable expenditure | 227.8 | 248.1 | 209.5 | 164.0 | 198.1 | 509.6 | 541.9 | 538.3 |
| Total expenditure on services | 4290.3 | 4947.0 | 5759.9 | 7265.7 | 6580.3 | 7894.7 | 9294.7 | 8295.3 |

The figures for London include a special capital expenditure adjustment related to London Underground from 2003-04 onwards. This adjustment reflects the expected capital expenditure by the London Underground infrastructure companies which will be indirectly funded by the Department through its block grant to TfL.

| Table A8: Department for Transport's identifiable expenditure on services, by country and region, per head | | | | | | | £'s per head | | |
|---|----------------|----------------|----------------|----------------|----------------|-------------------|---------------------|----------------|--|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | |
| | Outturn | Outturn | Outturn | Outturn | Outturn | Estimated outturn | Plans | Plans | |
| North East | 59.3 | 54.9 | 65.0 | 71.8 | 69.0 | 75.0 | 90.8 | 91.3 | |
| North West | 58.1 | 62.8 | 67.6 | 129.4 | 131.7 | 130.2 | 166.8 | 171.0 | |
| Yorkshire and Humberside | 34.3 | 46.5 | 62.1 | 75.4 | 76.1 | 79.7 | 98.9 | 97.8 | |
| East Midlands | 56.8 | 61.3 | 72.1 | 105.3 | 103.4 | 109.4 | 135.0 | 136.7 | |
| West Midlands | 67.7 | 78.4 | 91.5 | 124.5 | 130.0 | 136.4 | 170.1 | 170.0 | |
| Eastern | 87.1 | 82.9 | 82.3 | 118.3 | 95.4 | 99.4 | 122.7 | 122.2 | |
| London | 144.7 | 190.6 | 272.1 | 255.3 | 162.1 | 205.8 | 233.4 | 173.0 | |
| South East | 80.8 | 89.9 | 86.3 | 114.5 | 107.5 | 127.3 | 147.3 | 128.2 | |
| South West | 80.3 | 73.8 | 76.9 | 97.7 | 100.0 | 110.7 | 133.2 | 129.6 | |
| Total England | 78.5 | 88.9 | 105.8 | 130.3 | 113.8 | 126.7 | 152.3 | 140.4 | |
| Scotland | 21.8 | 10.1 | 11.2 | 56.6 | 59.7 | 54.4 | 73.9 | 75.2 | |
| Wales | 23.1 | 29.6 | 19.3 | 45.0 | 43.9 | 40.9 | 53.9 | 54.3 | |
| Northern Ireland | 5.2 | 5.1 | 5.6 | 9.9 | 8.2 | 9.5 | 9.2 | 9.8 | |
| Total UK identifiable expenditure | 68.8 | 76.8 | 90.6 | 116.4 | 102.7 | 113.0 | 136.8 | 126.9 | |

| Table A9: Department for Transport's identifiable expenditure on services by function, country and region, for 2004-05 (latest year available) | | | | | | | | | | | | | | | | | | | |
|--|------------|------------|--------------------------|---------------|---------------|---------|----------------------|------------|------------|---------|----------|-------|------------------|-----------------------------|------------|--------------------------------|------------------|-----------------|---------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | Eastern | London | South East | South West | England | Scotland | Wales | Northern Ireland | UK identifiable expenditure | UK OUTSIDE | Total identifiable expenditure | Not identifiable | Emillion Totals | |
| Department for Transport | | | | | | | | | | | | | | | | | | | |
| Defence | | | | | | | | | | | | | | | | | | | |
| Civil defence | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.1 | 1.1 | 1.1 |
| Total Defence | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.1 | 1.1 | 1.1 |
| Public order and safety | | | | | | | | | | | | | | | | | | | |
| Police | 2.2 | 5.4 | 6.4 | 0.9 | 7.1 | 6.3 | 82.4 | 11.8 | 2.8 | 125.8 | 7.9 | 3.0 | 0.0 | 136.2 | 0.1 | 136.2 | 0.0 | 136.2 | 136.2 |
| Total Public order and safety | 2.2 | 5.4 | 6.4 | 0.9 | 7.1 | 6.3 | 82.4 | 11.8 | 2.8 | 125.8 | 7.9 | 3.0 | 0.0 | 136.2 | 0.1 | 136.2 | 0.0 | 136.2 | 136.2 |
| Enterprise and economic development | | | | | | | | | | | | | | | | | | | |
| Regional policy | 0.1 | 0.3 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.2 | 2.3 | 0.2 | 0.1 | 0.1 | 2.8 | 0.0 | 2.8 | 0.0 | 2.8 | 2.8 |
| Total Enterprise and economic development | 0.1 | 0.3 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.2 | 2.3 | 0.2 | 0.1 | 0.1 | 2.8 | 0.0 | 2.8 | 0.0 | 2.8 | 2.8 |
| Science and technology | | | | | | | | | | | | | | | | | | | |
| Science and technology | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 40.0 | 40.0 |
| Total Science and technology | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 40.0 | 40.0 |
| Transport | | | | | | | | | | | | | | | | | | | |
| Local public transport | 23.5 | 57.7 | 42.1 | 23.8 | 35.9 | 25.7 | 94.8 | 37.3 | 28.6 | 369.5 | 0.0 | 0.0 | 0.0 | 369.5 | 0.0 | 369.5 | 0.0 | 369.5 | 369.5 |
| National roads | 69.9 | 301.7 | 113.1 | 207.4 | 297.5 | 221.0 | 43.5 | 360.1 | 267.4 | 1,881.5 | 18.5 | 11.5 | 13.7 | 1,925.1 | 0.0 | 1,925.1 | 0.0 | 1,925.1 | 1,925.1 |
| Other transport | 7.3 | 24.9 | 13.2 | 13.8 | 20.1 | 17.2 | 35.2 | 25.0 | 16.1 | 172.9 | 7.7 | 3.4 | -0.5 | 183.5 | 5.4 | 188.9 | 157.1 | 346.0 | 346.0 |
| Railways | 72.7 | 509.2 | 208.3 | 196.3 | 332.6 | 253.4 | 947.9 | 437.5 | 188.8 | 3,146.7 | 269.0 | 111.7 | 0.8 | 3,528.1 | 231.5 | 3,759.6 | 0.0 | 3,759.6 | 3,759.6 |
| Total Transport | 173.3 | 893.4 | 376.7 | 441.3 | 686.2 | 517.3 | 1,121.4 | 859.9 | 501.0 | 5,570.5 | 295.2 | 126.6 | 14.0 | 6,006.3 | 236.8 | 6,243.2 | 157.1 | 6,400.2 | 6,400.2 |
| Total for DfT | 175.6 | 899.1 | 383.4 | 442.4 | 693.5 | 523.9 | 1,204.2 ¹ | 872.1 | 504.0 | 5,698.2 | 303.3 | 129.7 | 14.1 | 6,145.3 | 236.9 | 6,382.2 | 198.1 | 6,580.3 | 6,580.3 |

¹ As it is now classified as local authority expenditure, the Transport Grant which DfT pays to the GLA, is not shown in this table.

Explanatory information about the regional tables (A7, A8, and A9)

- The spending data shown in these tables is consistent with the country and regional analyses (CRA) published by HM Treasury in chapter 7 of Public Expenditure Statistical Analyses (PESA) 2006. PESA contains more tables analysed by country and region, and also explains how the analysis was collected and the basis for allocating expenditure between countries and regions. Locally-provided services may not only be used by the local population.
- The tables include the spending of the department and its NDPBs on payments to private sector and subsidies to public corporations. They do not include capital finance to public corporations but do include public corporations capital expenditure. They do not include payments to local authorities or local authorities own expenditure.
- The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.
- The tables do not include depreciation, cost of capital charges or movements in provisions that are in DEL/AME. They do include salaries, procurement expenditure, capital expenditure and grants and subsidies paid to individuals and private sector enterprises.
- The figures were taken from the HM Treasury Public spending database in December 2005 and the regional distributions were completed in January/February 2006. Therefore the tables may not show the latest position and are not consistent with other tables in the Department report.
- Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the departments area of responsibility, usually England, compare. So the analysis shows the regional outcome of spending decisions that have on the whole not been made primarily on a regional basis.
- The functional categories used are the standard United Nations Classifications of the Functions of Government (COFOG) categories. This is not the same as the strategic priorities used elsewhere in the report.
- The principle used by DfT is to apportion net expenditure so that the benefit accrues to the region of residence of the people using it. This is a change from previous years when the apportionment was largely based on the physical location of the spend. For example, expenditure on transport in London was previously allocated wholly to London, but for these tables information from other sources has been used to allocate part of that expenditure to regions of non London residents using the services in London. However, there is insufficient information available to apportion all types of expenditure accurately in this way, or across all years for some types. Roads expenditure continues to be allocated on the basis of physical location, as is rail expenditure prior to 2004-05.

Appendix B

Recruitment and public appointment tables

Table B1: Recruitment statistics for the DfT(C)¹

| Grade | Non-civil servants | Fixed-term appointments | Permanent | Casual ² | Females | Ethnic minority | Disabled |
|-----------------------|--------------------|-------------------------|------------|---------------------|-----------|-----------------|----------|
| Pay band 1 | – | – | – | – | – | – | – |
| Pay band 2 | – | 1 | 26 | – | 23 | 5 | – |
| Pay band 3 | – | 1 | 11 | – | 8 | 2 | – |
| Pay band 4 | – | 3 | 47 | – | 29 | 8 | 2 |
| Pay band 5 | – | – | 22 | – | 3 | 2 | – |
| Pay band 6 | – | – | 50 | – | 13 | 5 | – |
| Pay band 7 | – | 1 | 21 | – | 6 | 1 | – |
| Senior civil servants | – | 6 | 19 | – | 1 | – | – |
| Totals | – | 6 | 196 | – | 83 | 23 | 2 |

¹ For all staff recruited from 1 April 2005 to 31 March 2006, externally and Inter-departmentally.

Table B2: Exceptions to the recruitment code for the DfT(C)

| Category | Number |
|---|--------|
| Casual appointments extended over 12 months | – |
| Recurrent short-term appointments | – |
| Short-term appointments where highly specialised skills requested | – |
| Conversion of short term appointments to permanency (or extension beyond publicised period) | 28 |
| Inward secondments ¹ | 37 |
| Outward secondments ² | 9 |
| Extensions to secondments | – |
| Re-appointments of former civil servants | – |
| Transfers of staff with work | – |
| Transfers of staff from other public services without work | – |
| Surplus acceptable staff | – |
| Disabled candidates | – |
| Exceptions reserved for the Commissioners | – |

1 This figure includes: 6 Inward secondees who joined the Department prior to April 2005 and are still in the Department; 0 Inward secondees who joined the Department after April 2005 but left prior to January 2006; and 8 Inward secondees who joined prior to April 2005 but left prior to January 2006.

2 This figure includes: 13 Members of staff who went out on secondment prior to April 2005 and are still away from the Department; 3 Member of staff who went out on secondment after April 2005 and have now returned to the Department; and 7 Members of staff who went out on secondment prior to April 2005 and have now returned

There are 63 members of staff out on loan, 40 of whom went out on loan prior to April 2005 and are still on loan to other Government Departments

Table B3: Distributions of senior civil service salaries within the DfT(C)¹

| £000s | Staff numbers | £000s | Staff numbers |
|--------|---------------|---------|---------------|
| 50-55 | 2 | 100-105 | 4 |
| 55-60 | 17 | 105-110 | 1 |
| 60-65 | 13 | 110-115 | 2 |
| 65-70 | 17 | 115-120 | 4 |
| 70-75 | 13 | 120-125 | 2 |
| 75-80 | 18 | 125-130 | 3 |
| 80-85 | 8 | 130-135 | – |
| 85-90 | 10 | 135-140 | – |
| 90-95 | 4 | 140-145 | – |
| 95-100 | 6 | 145-150 | 1 |
| | | 150-155 | 2 |

¹ Figures include those on fixed-term contracts. Salaries are at 1 April 2004 rates. The figures also include any bonuses paid to the chief executives since 1 April 2004.

Table B4: Public appointments

| Public body and name of appointee | Position | Period of appointment | Remuneration per annum (actual) | Time input |
|--|------------------------|--------------------------------------|---------------------------------|------------------------|
| Civil Aviation Authority | | | | |
| Roger Whitefield | Non Executive Director | 01/04/2005–31/03/2010 | £38,804 | 2 days per week |
| Air Vice Marshall Chris Moran | Non Executive Director | commenced 22/04/2005 (ex officio) | unsalaried | As required |
| Commission for Integrated Transport | | | | |
| Peter Hendy | Chair | 01/07/2005 – 30/06/2008 | £5,431 ¹ | 5 days per month |
| Gerald Docherty | Member | 01/01/2006 – 31/12/2008 | £5,431 | 2 days per month |
| Andrew Sentance | Member | 01/01/2006 – 31/12/2008 | £5,431 | 2 days per month |
| Lynn Sloman | Member | 01/01/2006 – 31/12/2008 | £5,431 | 2 days per month |
| Paul Godier | Member | 01/01/2006 – 31/12/2008 | £5,431 | 2 days per month |
| Helen Holland | Member | 01/08/2005 – 31/07/2008 | £5,431 | 2 days per month |
| Baroness Rosalind Scott | Member | 21/06/2005 – 20/06/2007 | £5,431 | 2 days per month |
| Sir Mike Hodgkinson | Member | 21/06/2005 – 20/06/2007 | £5,431 | 2 days per month |
| Neil Scales | Member | 01/08/2005 – 31/07/2008 | £5,431 | 2 days per month |
| Disabled Persons Transport Advisory Committee | | | | |
| Thomas Jones | Member | 09/09/2005 – 31/12/2007 | Expenses only | 2/3 days per month |
| Judith Jesky | Member | 18/09/2005 – 31/12/2007 | Expenses only | 2/3 days per month |
| British Transport Police Authority | | | | |
| Raymond O'Toole | Member | 17/10/2005 – 16/10/2009 | £14,000 | 30 days per annum |
| Passenger Focus | | | | |
| Stewart Francis | Chair | 01/02/2004 – 31/01/2008 ² | £36,287 | 3 days per week |
| Colin Foxall CBE ³ | Chair | 23/09/2005 – 22/09/2009 | £25,000 | 8 days per month |
| Colin Foxall CBE | Member ⁴ | 24/07/2005 – 23/07/2009 | £15,000 | Up to 6 days per month |
| Kate Gordan CB | Member | 24/07/2005 – 23/07/2009 | £15,000 | Up to 6 days per month |
| Deryk Mead CBE | Member | 24/07/2005 – 23/07/2009 | £15,000 | Up to 6 days per month |
| Bill Samuel | Member | 24/07/2005 – 23/07/2009 | £15,000 | Up to 6 days per month |
| Barbara Saunders | Member | 24/07/2005 – 23/07/2009 | £15,000 | Up to 6 days per month |
| Nigel Walmsley | Member | 24/07/2005 – 23/07/2009 | £15,000 | Up to 6 days per month |
| Jessica Barrow | Member | 24/07/2005 – 23/07/2008 | £15,000 | Up to 6 days per month |
| David Burton | Member | 24/07/2005 – 23/07/2008 | £15,000 | Up to 6 days per month |
| Philip Davis | Member | 24/07/2005 – 23/07/2008 | £15,000 | Up to 6 days per month |
| Christine Knights | Member | 24/07/2005 – 23/07/2008 | £15,000 | Up to 6 days per month |
| Dr Derek Langslow CBE | Member | 24/07/2005 – 23/07/2008 | £15,000 | Up to 6 days per month |
| Marc Seale | Member | 24/07/2005 – 23/07/2008 | £15,000 | Up to 6 days per month |
| Railway Heritage Committee | | | | |
| Lord Faulkner of Worcester | Chair | 21/11/2005 – 02/12/2008 | Expenses only | Not specified |
| Dr John Gough | Member | 21/11/2005 – 31/05/2006 | Expenses only | Not specified |
| Allan Baker | Member | 21/11/2005 – 20/11/2007 | Expenses only | Not specified |
| Dr David Brown | Member | 21/11/2005 – 20/11/2008 | Expenses only | Not specified |
| Christopher Fildes OBE | Member | 21/11/2005 – 20/11/2007 | Expenses only | Not specified |
| Gareth Jones | Member | 21/11/2005 – 20/11/2008 | Expenses only | Not specified |
| Sir Howard Newby KB,CBE | Member | 21/11/2005 – 20/11/2007 | Expenses only | Not specified |
| Peter Ovenstone | Member | 21/11/2005 – 20/11/2007 | Expenses only | Not specified |
| Jonathan Pepler | Member | 21/11/2005 – 20/11/2008 | Expenses only | Not specified |
| Andrew Scott CBE | Member | 21/11/2005 – 31/05/2006 | Expenses only | Not specified |
| Peter Trewin | Member | 21/11/2005 – 31/05/2006 | Expenses only | Not specified |
| Catherine Wilson OBE | Member | 21/11/2005 – 20/11/2007 | Expenses only | Not specified |

1 Mr Hendy has chosen not to take the full remuneration applicable to the post

2 The existing appointment of Stewart Francis as Chair of the old RPC was rolled over to the new RPC in May 2005. Shortly afterwards he resigned as Chair of the old and new RPC due to ill health.

3 Pending an open , OCPA regulated competition, Colin Foxall was also appointed as the Acting Chair of the old RPC (27/06/05 – 23/07/05) and the Acting Chair of the new RPC (24/07/05 – 23/09/05) following the resignation of Stewart Francis. During this period his remuneration was £25,000 per annum for a time commitment of 8 days per month.

4 Colin Foxall's appointment as a member of the new RPC was suspended during the period he held the appointment of Acting Chair. Following his appointment as Chairman, he resigned as a member.

Appendix C

Press, publicity, advertising and sponsorship

Press, publicity and advertising work is led by communication professionals in the Department's Communication Directorate. Our aim is to achieve effective and efficient communication of the Department's aims and objectives inside and outside the department, targeting press, stakeholders, the general public and staff in the Department and our Executive Agencies.

Good co-ordinated communication is essential to our business. Transport is more often than not a local experience and local or regional issues can often make big news in particular places. That is why we target our messages both nationally and locally.

In the past year, we have:

- co-ordinated and liaised on a series of major transport announcements, targeting regional and consumer news media, in addition to national news media so that more people are aware of transport issues;
- continued to improve stakeholder liaison; and
- carried out a major review of the THINK! road safety campaign and launched new advertising on teenage road safety, where we are claiming a world first in filming a commercial advertisement through a mobile phone camera.

We continually seek to improve our professional, co-ordinated news, marketing, publishing and corporate communications service for the Secretary of State, his Ministerial team and departmental officials. We are also playing a key part in communicating the Department's own development programme as part of government-wide initiatives.

Work is taken forward via a range of frameworks covering advertising, design, typesetting, print, and research, to help to deliver the Department's publicity needs cost effectively and in line with EU procurement requirements.

The Department estimates its projected operational publicity spend for 2005-06 is some £20 million.

Third party support

As last year, the Department has not received any cash sponsorship. We have, however, received in kind support from a range of organisations, which have linked with the THINK! road safety campaign as part of their Corporate Social Responsibility objectives. We are grateful for this “in kind” support but have not put a cash value on it.

| Table C1: Partner Support for THINK! Campaign 2005 Annual Report | |
|---|--|
| Child Road Safety Partner | Child Road Safety Activity |
| 3M (manufacturers of diverse products e.g reflective clothing) | Produced and distributed over 50,000 reflective jackets to primary schools in close proximity to their sites. |
| Fun Radio (UK's first dedicated children's radio station) | Week long radio campaign hosted by Spike the road safety hedgehog – with a short story, quiz, tip of day and interview with a school crossing patrol officer. |
| Asda | Ran a retail promotion, buy 3 loaves of hedgehog bread and get a free baker Spike hedgehog toy. Also ran in-store events in conjunction with road safety officers. |
| Dairy Farmers of Great Britain | Ran an in school competition to write a road safety rap, this was promoted on (1/3 pint) milk cartons and school posters. |

| Drink Drive Partner | Drink Drive activity |
|--|--|
| Auto Trader (Second hand car sales magazine) | Provided free media space in their magazines and on line to run Drink Drive and Driver Tiredness advertisements. |
| British Beer and Pub Association | Endorsed the campaign and promoted it to their members. |
| Cabana Soft Drinks (Soft drinks manufacturer e.g. Vimto) | Ran a Christmas soft drinks promotion across 5,000 independent pubs/clubs outlets. For every soft drink purchased customers were entered into a free prize draw. |
| Enterprise Inns (Tenanted pub company) | Encouraged their tenants to take part by siting posters. (8,700 pubs) |
| Pathfinder Pubs (Managed pub company) | Placed posters across their 550 pubs. |
| ScooterMAN (Innovative taxi type service that drives you and your car home) | Distributed our posters across London. |
| The Portman Group | Endorsed our campaign, distributed our drinking buddy posters. |
| The Union Pub Company (Tenanted pub company) | Encouraged their tenants to site posters across their 1,600 pubs. |
| Youngs (Tenanted pub company) | Offered free soft drinks for drivers and sited posters across 207 of their pubs. |
| Spirit Group (Managed pub company) | Sited bespoke posters of the summer campaign, promoting a non-alcoholic summer cocktail pitcher. They have now been bought out by Punch Taverns. |
| Punch Taverns (Tenanted pub company) | Encouraged their tenants to take part by siting posters, via newsletters. (7,800 pubs) |
| Regent Inns (Managed pub chain) | Ran a drink drive advertisement on their plasma screens continuously, offered free soft drinks for drivers and sited our posters during campaign peaks. |
| JD Wetherspoon (Managed pub chain) | Ran drink drive messaging on their drinks menus on the bar, across their 634 venues. |
| Whitbread | Placed drink drive message on their menus, in the soft drinks section, also they sited our posters throughout their 200 Beefeater restaurants. |

| Drink Drive Partner | Drink Drive activity |
|--|---|
| Threshers | Ran messaging on their Christmas in store point of sale items in all 2,000 of their outlets |
| ComCab (London based taxi company) | Distributed 300,000 taxi cards with drink drive messaging across London |
| Scoot (Innovative taxi type service that drives you and your car home – based in Edinburgh) | Distributed our posters across Edinburgh. |
| The Publican (Trade press) | Promoted drink drive posters and the number to order them in their magazine and online. |
| Hardy's and Hansons (Tenanted pub company) | Sent out our posters to their pubs for them to site. |
| George Gale (Tenanted pub company) | Sent out our posters to their pubs for them to site, (Company are now owned by Fullers) |
| Fullers (Managed/Tenanted pub company) | Sent out our posters to their pubs for them to site. |
| Greene King (Tenanted pub company) | Promoted our poster order line numbers to their tenants via a newsletter. |
| Shepherds Neame (Tenanted pub company) | Placed posters across their 386 pubs. |
| Walkabout (Managed pub company) | Placed THINK! drink drive messages on their plasma screen ad for their soft drinks for drivers initiative and also placed posters across their 66 pubs. |
| Angel Taxis | Distributed our posters. |
| IMD Media | Placed bespoke THINK! drink drive banners ads on their website. |

| Driver tiredness partner | Driver tiredness activity |
|---|---|
| CSMA (Civil Service Motoring Association) | Printed THINK! and CSMA branded leaflets and distributed to all 300,000 of their members. |
| Little Chef (Roadside restaurant) | 4 email and web campaigns. Car park banners across all of their 300 restaurants. |
| M6 Toll (M6 toll road operators) | Distributed leaflets from their toll booths over Easter and August. |
| Merlin Entertainment (Own Sealife centres) | Distributed and offered discount vouchers for the Tiredness Test. |
| Moto (Motorway service station) | Ran 6 road safety officer campaigns over August bank holiday in conjunctions with Local Authority Road Safety Officers. |
| Philips Maps (Map producer) | Make time for a break message in their atlas. |
| RAC | Information on their website. Distributed and provided offer for tiredness test. |
| Road Chef (Motorway service station) | Distributed tiredness test and ran coffee promotion. Distributed generic leaflets. |
| What Car? (Car enthusiasts magazine) | Distributed tiredness test in their magazine |
| Welcome Break (MSA operator) | Distributed generic leaflets over August Bank Holiday to visitors. |
| First Motorway (MSA operator) | Distributed generic leaflets over August Bank Holiday to visitors. |
| Multimap | Carried THINK! messages |
| Wincanton | Branded 120 trucks with THINK! messages. |

| Motorcycling activity | Primarily linked to British Superbikes' activity |
|------------------------------|---|
| Bennetts Insurance | Provided support for our urban bikes promotion. |
| Rizla Suzuki | Provided hospitality prizes for competitions |
| Bikesafe | Provided exhibition support at 2005 BSB activity |
| Knox | Provided exhibition support at 2005 BSB activity |
| Shoei | Provided exhibition support at 2005 BSB activity |
| Virgin Mobile Yamaha | Provided exhibition support at 2005 BSB activity |
| Airwaves Ducati | Provided exhibition support at 2005 BSB activity |
| HM Plant Honda | Provided exhibition support at 2005 BSB activity |
| Hawk Kawasaki | Provided 'work in the pits' competition prize |
| Hein Gericke | Provided riding leathers for promotional event |

Appendix D

Public Service Agreement (PSA) targets

PSA TARGETS

Departmental objectives and PSA targets set for 2001-2008

Public Service Agreements (PSAs) link the allocation of public expenditure to published targets with the aim of delivering modern, responsive public services. PSA targets are set for services or outcomes which the Government sees as key national priorities. They express the outcomes sought by the Government, defining clear, long-term goals to provide ambition and a sense of direction, as well as representing a contract between the public and Government.

The Department's current set of PSA targets for the period 2005-2008 was published in Spending Review 2004 and the targets took effect from 1 April 2005. The coverage of these targets is broadly the same as the previous targets set in Spending Review 2002, with the addition of one new target on climate change. The transfer of responsibility for London Underground Limited (LUL) to the Mayor of London means that a PSA target was not retained for LUL. However, performance of LUL will continue to be monitored against the six performance indicators agreed with the Mayor, five of which become incrementally more challenging until 2010. The Efficiency target, which was a PSA target prior to April 2005, will also be monitored.

PSA targets are used sparingly and do not cover the full range of the Department's responsibilities, which take in other important areas of transport.

What this appendix covers

- The DfT's current PSA targets, showing how they have evolved from the 2002 set.
- Other relevant targets.
- The performance indicators used to measure progress.
- Progress against targets based on the most recently available data.
- Data quality.

What this appendix shows

- The Department published its new PSA targets for tackling congestion on the strategic road network of motorways and principal trunk roads operated by the Highways Agency, and on urban roads. Both targets use new indicators of congestion developed over the past year.
- Rail performance is now improving at a faster rate, and in terms of distance travelled, people are using the railways more than at any other time in the last sixty years. Good progress is being made towards achieving the target.
- Our roads are becoming safer. There has been the greatest annual fall in casualties since the road safety strategy was launched and the lowest level of deaths on the road since records began. We are on course to meet the national target.
- There has been an overall increase of bus and light rail usage, with accessibility and reliability of bus services continuing to improve. We are on course to achieve the national patronage target and associated improvements to reliability and disabled access. The target for growth in patronage in every region remains challenging.
- Although only four of our seven Air Quality objectives are currently being met, the long term trend is of improving air quality. A review of the Air Quality Strategy is underway, and together with Defra and other departments, we are considering possible additional measures to move towards meeting the objectives.
- We are on track to meet the Kyoto target. However, latest greenhouse gas emissions estimates suggest more needs to be done to meet the national goal of 20 per cent reduction below 1990 levels by 2010.
- The Department achieved the 2004-05 efficiency target and plans are in place to deliver the 2005-06 target.
- As a direct consequence of the terrorist attacks on the 7 and 21 July, London Underground Ltd were unable to operate the Underground service fully. It is now unlikely that all the Underground targets will be met.

Objectives and PSA performance targets

Objective I: Support the economy through the provision of efficient and reliable inter-regional transport systems by making better use of existing road network; reforming rail services and industry structures to deliver significant performance improvements for users; and investing in additional capacity to meet growing demand.

PSA 1. By 2007-08, make journeys more reliable on the strategic road network.

PSA 2. Improve punctuality and reliability of rail services to at least 85 per cent by 2006, with further improvements by 2008

Objective II: Deliver improvements to the accessibility, punctuality and reliability of local and regional transport systems through the approaches set out in Objective I and through increased use of public transport and other appropriate local solutions.

PSA 3. By 2010, increase the use of public transport (bus and light rail) by more than 12 per cent in England compared with 2000 levels, with growth in every region.

PSA 4. By 2010-11, the ten largest urban areas will meet the congestion targets set in their Local Transport Plan relating to movement on main roads into city centres.

Objective III: Balance the need to travel with the need to improve quality of life by improving safety and respecting the environment.

PSA 5. Reduce the number of people killed or seriously injured in Great Britain in road accidents by 40 per cent and the number of children killed or seriously injured by 50 per cent, by 2010 compared with the average for 1994-98, tackling the significantly higher incidence in disadvantaged communities.

PSA 6. Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3 butadiene. **Joint target with the Department for Environment, Food and Rural affairs.**

PSA 7. To reduce greenhouse gas emissions to 12.5 per cent below 1990 levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010, through

measures including energy efficiency and renewables. **Joint with the Department for Environment, Food and Rural affairs and the Department of Trade and Industry.**

Objective IV: Improve cost-effectiveness through sound financial management, robust cost control, and clear appraisal of transport investment choices across different modes and locations.

There are no PSA targets under this objective.

Road congestion

| | |
|-----------------------|---|
| SR2004 PSA target | By 2007-08, make journeys more reliable on the strategic road network (PSA1) (also see the separate target below for congestion in the largest urban areas target) |
| SR2002 PSA target | Reduce congestion on the inter-urban road network in England below 2000 levels by 2010. |
| Performance indicator | <p>The target will be met if, in 2007-08, average vehicle delay associated with the 10 per cent worst daytime journeys on each of the routes on the network is less than during the baseline period.</p> <p>Delay is the difference between observed journey time and a reference journey time (the time that could theoretically be achieved when the traffic is free flowing).</p> <p>Coverage: Highways Agency roads in England. For monitoring purposes the network has been split into 103 routes, with 87 of these included in the baseline. The remaining routes have been excluded from the initial baseline due to data quality concerns. Where possible they will be brought into the target as data quality improves.</p> |
| Progress | <p>Status: Not yet assessed.</p> <p>Baseline data for the year August 2004 to July 2005 were published on 14 February 2006.¹</p> <p>The first assessment of performance will be published shortly.</p> |
| Quality of data | <p>Data are derived from multiple data sources. For each section of road the best source is used. Data quality criteria are based on the sample size and the extent of imputing for missing data. Where data have not met a quality threshold routes have been excluded from the target. Night time is excluded as the data quality is not as high as during the day due to lower sample sizes.</p> <p>Further information is published in the Technical Note.²</p> |

¹ www.dft.gov.uk/stellent/groups/dft_transstats/documents/page/dft_transstats_611154.hcsp

² www.dft.gov.uk/stellent/groups/dft_about/documents/page/dft_about_030578-01.hcsp#P17_257

| | |
|-----------------------|--|
| SR2004 PSA target | By 2010-11, the ten largest urban areas will meet the congestion targets set in their Local Transport Plan relating to movement on main roads into city centres (PSA4) (The local congestion targets will be published by July 2006.) |
| SR2002 PSA target | Reduce congestion in large urban areas in England below 2000 levels by 2010. |
| Performance indicator | <p>Each local target will be of the form: On target routes, accommodate an expected increase in travel of X per cent with a Y per cent change in journey time. A local target will be met if the Y per cent change in journey time is achieved or bettered.</p> <p>Figures for X and Y will be set for each urban area by July 2006.</p> <p>Journey time relates to the average journey time experienced by people rather than vehicles. For example a bus with 20 passengers will count 20 times within the target whereas a car with a single occupant will count only once. Journey times are being surveyed for in-bound routes for the morning peak.</p> <p>In this context travel is defined as person miles travelled on the target routes.</p> <p>Coverage: The ten largest urban areas are London, Greater Manchester, Merseyside, South Yorkshire, West Yorkshire, Tyne and Wear, West Midlands, Bristol, Leicester and Nottingham. Across these areas a total of 153 routes are included in the target. The target relates to the morning peak period.</p> |
| Progress | <p>Status: Not yet assessed.</p> <p>Local authorities published Local Transport Plans, including strategies for tackling congestion, in March 2006. These plans cover the period of the target, to 2010-11.</p> <p>Baseline figures for the target and a finalised Technical Note will be published in July 2006.</p> |
| Quality of data | A number of different data sources are used, including surveys conducted by local authorities following guidance from the Department. The Department is currently assessing the quality of the different sources, and some of the above details are provisional, subject to that assessment. |

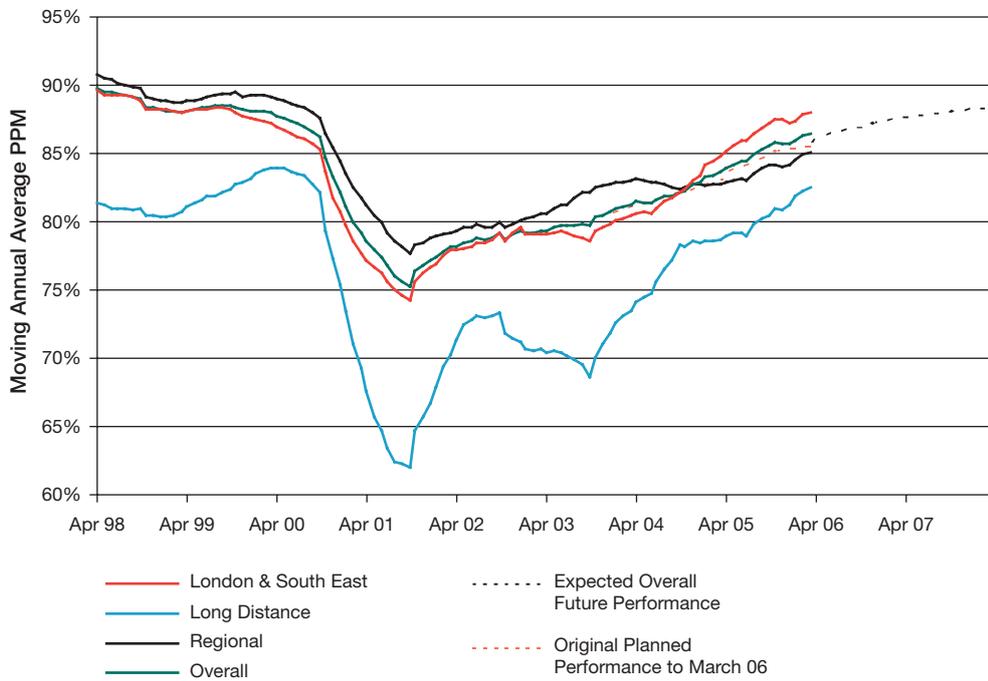
Rail services

| | |
|------------------------|---|
| SR2004 PSA target | <p>Improve punctuality and reliability of rail services to at least 85 per cent by 2006, with further improvements by 2008.</p> <p>This target was introduced to give an increased focus to the punctuality and reliability of passenger train services, which reflected the immediate priority (of both passengers and the Government) of improving performance.</p> |
| SR2002 PSA target | <p>Secure improvements in rail punctuality and reliability with a 50 per cent increase in rail use in Great Britain from 2000 levels by 2010.</p> |
| Performance indicators | <p>Punctuality and reliability: The Public Performance Measure (PPM) combines figures for punctuality and reliability into a single performance measure. It measures the performance of every scheduled franchised passenger train against the daily timetable, and is measured at destination.</p> <p>Rail use This is measured using passenger kilometre¹ data from the rail industry's central ticketing system. This covers over 90 per cent of all ticket sales. For those ticket sales that the system does not record correctly, notably some operator-specific tickets and multi-modal tickets, the Office of Rail Regulation (ORR), with the help of train operating companies (TOCs) and Passenger Transport Executives (PTEs), is able to produce a robust estimate of passenger kilometre levels.</p> <p>Coverage: Great Britain²</p> |
| Progress | <p>Status: Provisional results for March 2006, show achievement of the 85 per cent target.</p> <p>The latest available rail data covers the period up to end December 2005, published by ORR in the quarterly document 'National Rail Trends'.</p> <p>Rail performance, as measured by PPM, reached its lowest point in 2001. Since then there has been continuous recovery in punctuality and reliability to the current level, the highest for five and a half years.</p> <p>Overall PPM performance, on a moving annual average (MAA) basis, was 85.6 per cent in December 2005, up from 82.8 per cent in December 2004. This compares to the PPM low of 75.1 per cent in October 2001. The most recent provisional result, published by Network Rail in their new role of accounting for whole-industry performance, showed that passenger services achieved a PPM MAA of 86.4 per cent for March 2006. When confirmed, this figure would exceed the target at the deadline of March 2006 by 1.4 percentage points.</p> <p>Table D1 shows the PPM moving annual average from April 1998 to March 2006, including the latest provisional results as published by Network Rail.</p> <p>Performance in all sectors showed improvement. In the long distance sector PPM was 81.1 per cent for the year to December 2005 against 78.4 per cent at December 2004. In the regional sector, PPM increased to 84.0 per cent for the year to December 2005 from 82.7 per cent in the previous year. London and the South East performance improved to 87.2 per cent for the year to December 2005 from 83.3 per cent in the previous year.</p> <p>Rail use continues to increase. In terms of the distance travelled, people are using the railways more than at any other time since 1946. Passenger kilometres were 12 per cent higher in the twelve months to the end of December 2005 compared to the 2000-01 baseline year (42.9 billion km compared to 38.2 billion km).</p> <p>Data source: ORR. Principally 'National Rail Trends' http://www.rail-reg.gov.uk/upload/pdf/276.pdf</p> <p>Network Rail http://www.networkrail.co.uk/companyinformation/PerformanceData/index.htm</p> |
| Quality of data | <p>Statistics on passenger kilometres, punctuality and reliability are collected by ORR. Since April 2005, figures on punctuality and reliability have been collated by Network Rail. The measures used are well-established and used across the rail industry. They are currently published quarterly by ORR.</p> |

¹ The number of passengers multiplied by the distance each passenger travels, on average, in kilometers.

² The further improvements target for 2008 will be for England and Wales Operators only.

Table D1: Public Performance Measure (PPM) moving annual average percentage of trains arriving on time: April 1998 to March 2006



Bus and light rail usage

| | |
|-----------------------|--|
| SR2004 PSA target | <p>By 2010, increase the use of public transport (bus and light rail) by more than 12 per cent in England compared with 2000 levels, with growth in every region.</p> <p>The target has been revised to include a commitment to growth in every region. Improvements to accessibility, punctuality and reliability, though no longer mentioned in the target, remain as part of an overarching objective. Set against the historic trend of declining bus patronage outside London, this will be a significant challenge. For this reason, there is no expectation that growth in all regions can be achieved during the SR2004 period (April 2005-March 2008). Instead, we would expect year on year growth in every region during the final three years of the PSA target period (April 2008-March 2011). The extent to which this is achievable will largely depend on how local authorities in every region respond to the challenge set out in <i>The Future of Transport</i>. That challenge is to implement bold projects combining traffic or parking restraint with radically enhanced bus services, in some cases supported by funding from the Transport Innovation Fund.</p> |
| SR2002 PSA target | <p>Secure improvements to the accessibility, punctuality and reliability of local public transport (bus and light rail) with an increase in the use of more than 12 per cent by 2010 compared with 2000 levels.</p> |
| Performance indicator | <p>Number of passenger journeys undertaken each year (bus and light rail). Baseline year was 2000-01. 'Light rail' is a broad term referring to any public passenger-carrying railway system using rolling stock that is lighter in weight or strength than that used on mainline railways or London Underground. Use is defined as the number of passenger journeys undertaken each year, called patronage. This is measured annually using data from Department's annual surveys of bus and light rail operators.</p> <p>Percentage of vehicles with low floor wheelchair access. Annual data are available from the Department's survey of bus and coach operators on the percentage of local buses of low floor construction. Figures show that 22 per cent of local buses were low floor vehicles in the baseline year 2000-01 (although some were not wheelchair accessible).</p> <p>Bus reliability (%). The Confederation for Passenger Transport (CPT) has agreed with the Department a target of 99.5 per cent reliability, defined as percentage of scheduled service actually run, excluding losses outside the operator's control. Reliability is not currently considered to be an area of concern with regard to light rail.</p> <p>Pilot work on developing National Statistics on bus punctuality was completed in 2004. Following this, a main survey of bus movements outside London was conducted in March/April 2005.</p> <p>The data from this is currently being processed and publication of the results will be on 15 June, following Ministerial approval on 19 April that the results can be classed as National Statistics.</p> <p>Access to services The Department, together with the Central Local Working Group on Accessibility Planning, has developed six 'core' access to services indicators. These are based on total journey time (walking, cycling, public transport) to a set of key destinations (schools, further education colleges, GPs, hospitals, jobs and supermarkets). An 'experimental' set for 2004 has been calculated centrally using consistent data sets and a consistent methodology, and the results have been published. The calculations will be repeated for 2005, using higher quality data.</p> <p>Journey time is not the only determinant of accessibility and the importance of the various influences on accessibility (e.g. cost, reliability, safety) varies from area to area and group to group. Local authorities are therefore required to develop at least one locally appropriate accessibility indicator and target for their second Local Transport Plan.</p> <p>Coverage: England</p> |

| | |
|-----------------|---|
| Progress | <p>Status: On course to achieve national patronage target and associated improvements to reliability and disabled access: target for growth in patronage in every region remains challenging.</p> <p>Patronage A 12 per cent increase in usage for bus and light rail above year 2000 levels is on course. London is largely responsible for the positive trend in bus use thus far, although we anticipate that the introduction of free local concessionary fares in April 2006, and a national scheme from April 2008, will generate significant patronage uplift.</p> <p>Patronage outside London shows a decline overall. Some local authority areas outside London are delivering an increase in patronage. Examples of these areas are Gloucestershire, Telford, Brighton, Dorset, York and Cambridge.</p> <p>4,027 million bus passenger journeys were made in 2004-05, a 1 per cent annual increase. Bus patronage is 7.1 per cent above the 2000-01 baseline of 3,761 million after four years.</p> <p>Light rail patronage increased by 8 per cent in 2004-05 to 159 million passenger journeys.</p> <p>Combined bus and light rail patronage has increased by 7.7 per cent over the first four years of the period to which the 12 per cent target relates.</p> <p>However, combined bus and light rail patronage has fallen in six English regions during 2004-05, by between 1 per cent and 4 per cent with two regions (SE and SW) showing flat growth. In London patronage increased by 5 per cent. In the four years since the 2000-01 baseline, patronage has risen by 32 per cent in London, but has fallen by between 1.8 per cent and 10.2 per cent in the other English regions.</p> <p>Accessibility Regarding accessibility to vehicles, 46 per cent of full size buses were low floor wheelchair accessible vehicles in 2004-05. All new light rail vehicles and systems are required to be accessible to disabled people, including wheelchair users.</p> <p>Reliability Bus reliability, has improved from the baseline of 98.2 per cent in 2000-01 to 98.9 per cent in year to autumn 2005.</p> <p>Related information: http://www.dft.gov.uk/stellent/groups/dft_transstats/documents/downloadable/dft_transstats_040095.pdf</p> |
| Quality of data | <p>Patronage The data system for the bus area of the target comprises three separate measures covering bus passenger journeys, reliability and punctuality. Passenger journey and reliability data are obtained from two sources. For patronage, the Department conducts its own sample surveys of bus operators. There is a risk that the increasing proportion of non-cash fare passengers will not be fully reflected in the operators' data. In order to assess the problem, there will be research into possible under-recording. This is likely to result in a new, continuous, on-bus survey of passenger numbers, which will then be compared with the drivers' estimates. For the London area, data are based on those provided by Transport for London (TfL). The TfL data are based on ticket sale data matched with information about likely usage for each type of ticket.</p> <p>Light Rail For the light rail part of the target, figures are based on an annual return provided by each of the companies or PTEs operating light rail systems in England. These are required to provide information on light rail patronage including ticket sales, number of passenger journeys and sales revenue. Outturn figures are National Statistics.</p> <p>Reliability Reliability is assessed by the Department through a panel of large operators outside London. TfL reports for its bus contractors in London. The resulting estimates of journey numbers and reliability are both National Statistics.</p> |

Accessibility

The accessibility of buses is measured by annual data for the percentage of vehicles which meet PSV Accessibility Requirements (PSVAR). In practical terms this means low floor buses with wheelchair access. Data are obtained from the Department's annual sample survey of bus operators. The Department survey is designed to obtain good coverage and more detail from the larger operators, so it is considered to be a reliable source. It is not possible to obtain detailed information on vehicle design from the Driver and Vehicle Licensing Agency (DVLA) records.

All light rail vehicles and systems are built to be accessible to wheelchair users, so physical accessibility of light rail does not need to be monitored.

Table D2: English bus and light rail passenger journeys 1989-90 to 2004-05 (with projection to 2010-11)

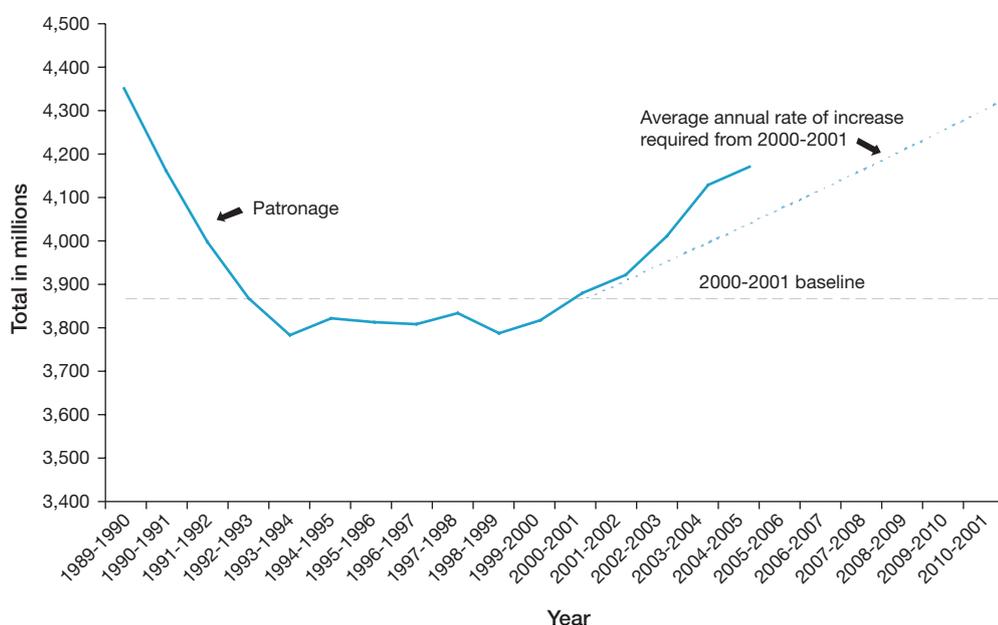


Table D3: Bus and light rail patronage 1989-90 to 2004-05

| | Bus (million) | Light Rail (million) | Total (million) |
|---------|------------------|-------------------------|--------------------|
| 1989-90 | 4,304 | 62 | 4,366 |
| 1990-91 | 4,115 | 59 | 4,173 |
| 1991-92 | 3,956 | 54 | 4,009 |
| 1992-93 | 3,814 | 59 | 3,873 |
| 1993-94 | 3,722 | 64 | 3,786 |
| 1994-95 | 3,758 | 69 | 3,827 |
| 1995-96 | 3,745 | 73 | 3,818 |
| 1996-97 | 3,736 | 78 | 3,814 |
| 1997-98 | 3,755 | 84 | 3,839 |
| 1998-99 | 3,702 | 89 | 3,792 |
| 1999-00 | 3,722 | 98 | 3,821 |
| 2000-01 | 3,761 | 124 | 3,885 |
| 2001-02 | 3,798 | 132 | 3,931 |
| 2002-03 | 3,882 | 141 | 4,022 |
| 2003-04 | 3,995 | 147 | 4,142 |
| 2004-05 | 4,027 | 159 | 4,185 |

Table D4: Percentage of local bus mileage run in England (excluding losses outside operators' control): spring 2000 to autumn 2005

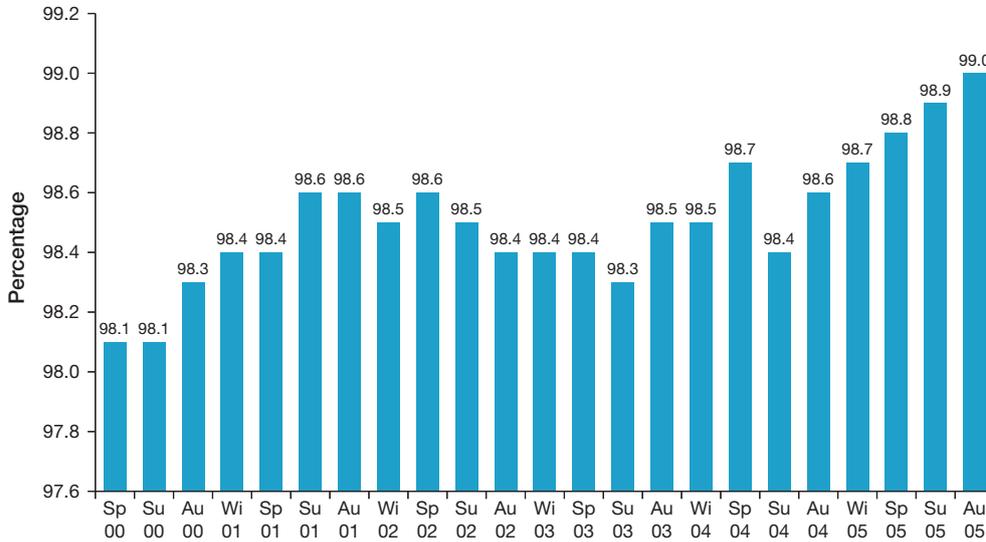
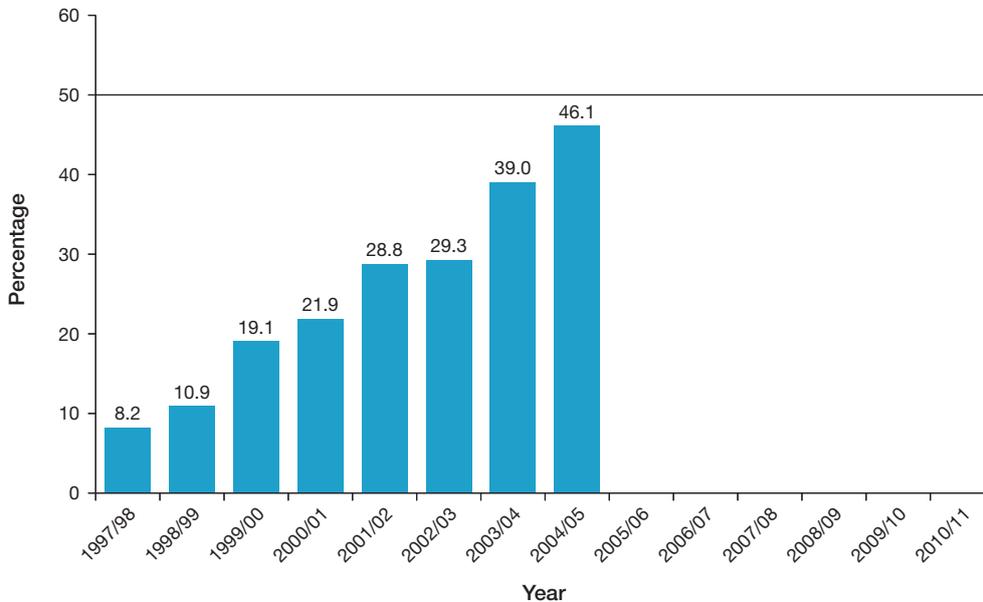


Table D5: Percentage of full-size bus fleet that is wheelchair accessible – Great Britain



Road safety

| | |
|-----------------------|--|
| SR2004 PSA target | Reduce the number of people killed or seriously injured in Great Britain in road accidents by 40 per cent, and the number of children killed or seriously injured by 50 per cent by 2010 compared with the average for 1994-98, tackling the significantly higher incidence in disadvantaged communities. |
| SR2002 PSA target | Same as SR2004 target |
| Performance indicator | <p>Total number of people killed or seriously injured in road accidents. Baseline: Average annual number of all killed or seriously injured in the period 1994-98 – 47,656.</p> <p>Total number of children killed or seriously injured in road accidents. Baseline: Average annual number of children (under 16) killed or seriously injured in the period 1994-1998 – 6,860.</p> <p>The percentage reduction in the number of road deaths and injuries for the 88 local councils that are eligible to receive Neighbourhood Renewal Funding (NRF), compared to that for England as a whole. Baseline: Average for the period 1999-2001 – 118,345</p> <p>Coverage: The 40 per cent and 50 per cent targets apply to Great Britain, but the focus on disadvantaged communities applies to England only.</p> |
| Progress | <p>Status: On course to meet each element of the target.</p> <p>The road safety strategy published in March 2000 set out a comprehensive range of measures to help achieve the casualty reduction targets to be achieved by 2010. Details can be found on the Department's website at: http://www.dft.gov.uk/stellent/groups/dft_rdsafety/documents/page/dft_rdsafety_504644.hcsp</p> <p>The first of the three-yearly reviews promised in the strategy to check progress in delivering change and towards meeting the targets was published on 7 April 2004. The review confirms that good progress is being made and that we are on track to meet the casualty reduction targets. Details can be found at: http://www.dft.gov.uk/stellent/groups/dft_rdsafety/documents/page/dft_rdsafety_028165.hcsp We have recently begun a second review of the strategy, which will be complete by the end of this year.</p> <p>Annual figures for performance against the road safety target in 2004 were published in June 2005.</p> <p>The number of people killed or seriously injured in 2004 was 28 per cent below the 1994-98 average. (Absolute figures: 34,351, in 2004, compared with 37,215 in 2003 and an average of 47,656 per year in the baseline period 1994-98).</p> <p>The number of children killed or seriously injured in 2004 was 43 per cent below the 1994-98 average. (Absolute figures: 3,905 in 2004, compared with 4,100 in 2003 and an average of 6,860 per year in the baseline period 1994-98).</p> <p>The numbers of both deaths and serious injuries fell by 8 per cent in 2004, compared with 2003. This is the greatest annual fall since the Strategy was launched and for deaths represents the lowest level since records began.</p> <p>The percentage drop in total casualties in districts in the 88 NRF areas for 2004 compared to the annual average for 1999-2001 was greater than the overall percentage drop for England. In 2004, England showed a 12.3 per cent fall. The NRF 88 showed a 15.8 per cent fall.</p> <p><i>Further information available from:</i> http://www.dft.gov.uk/stellent/groups/dft_transstats/documents/downloadable/dft_transstats_041304.pdf</p> |

Quality of data

Performance is measured using the police data on all reported road accidents that involve human injury. Responsibilities and quality assurance procedures are well established. The Department applies considerable effort to ensure that returns are submitted by all police forces. It also clearly specifies the information required from the police forces and mitigates the risk of errors arising in data collation/aggregation by operating a series of monitoring and validation checks with clearly defined error tolerance levels and procedures for follow up. However, not all road accidents are reported to the police. Moreover, while the definitions of severity of injury used in the survey are broad and are designed to enable police officers to make a judgement, evidence suggests that there is a tendency to under-estimate rather than over-estimate severity of injury. If the proportion of accidents reported were to change over time this would affect the measures. The Department is conducting further work both to establish levels of under-reporting of casualties and to improve the accuracy of police recording.

Table D6: Killed and seriously injured: trajectory for constant annual percentage change from baseline mid-point (1996)

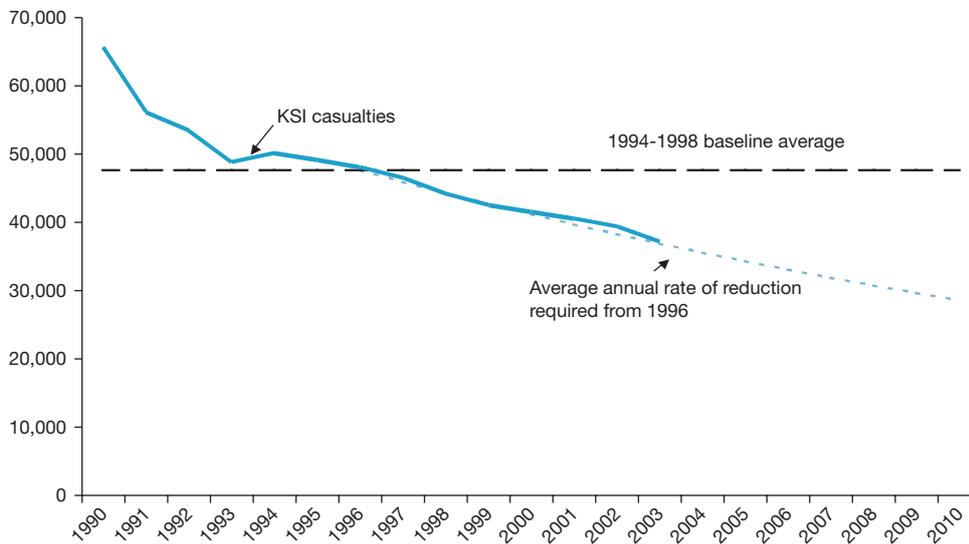
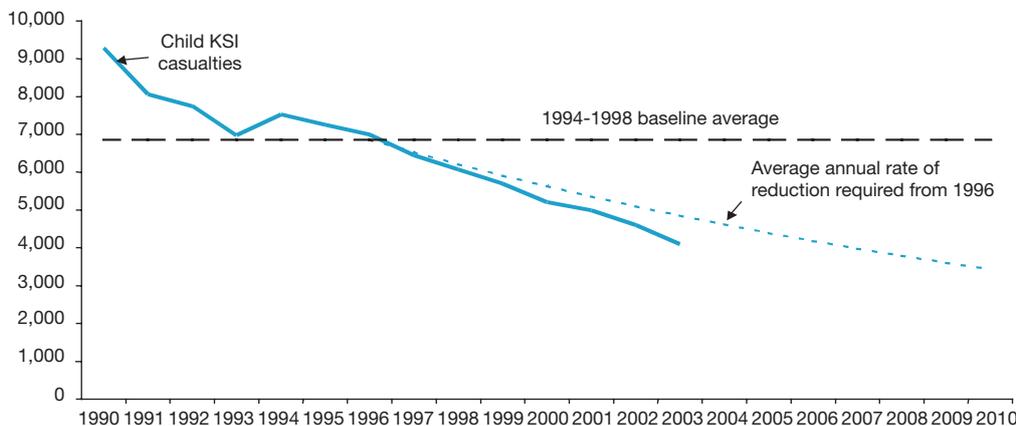


Table D7: Children killed and seriously injured: trajectory for constant annual percentage change from baseline mid-point (1996)



Air quality

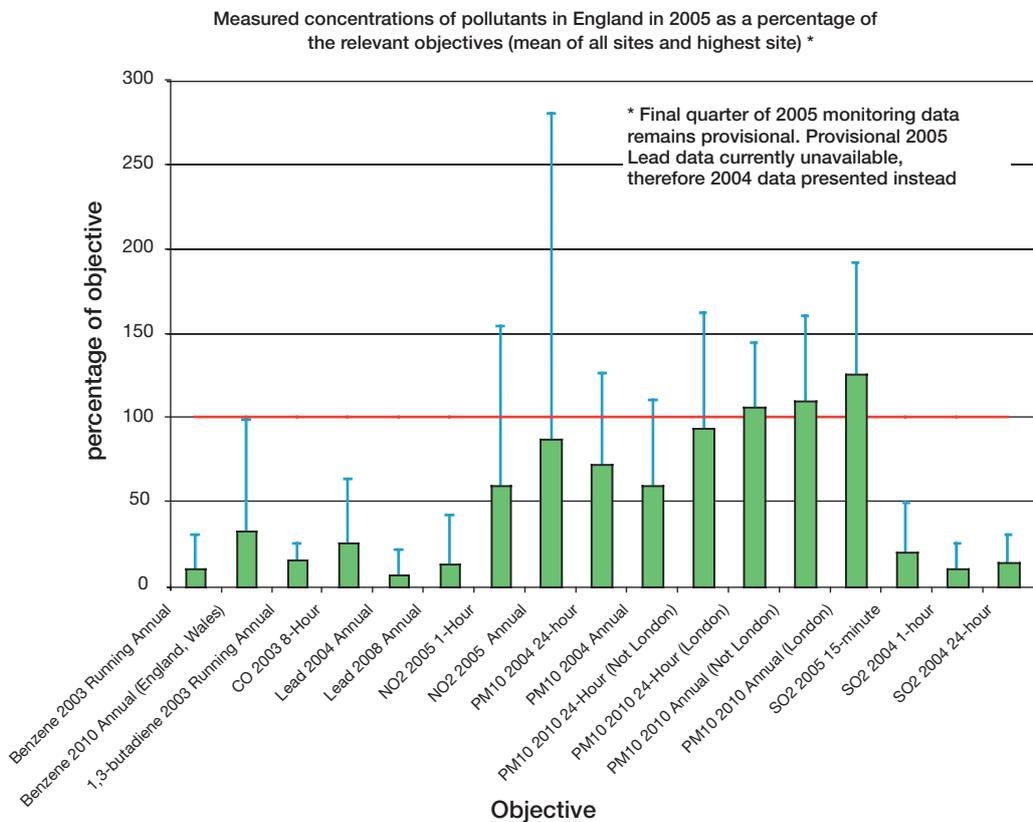
| | |
|-----------------------|--|
| SR2004 PSA target | Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide (NO ₂), particles (PM ₁₀), sulphur dioxide (SO ₂), benzene and 1,3-butadiene. (Joint target with the Department for the Environment, Food and Rural Affairs (Defra)) |
| SR2002 PSA target | Same as SR2004 target |
| Performance indicator | <p>Desired concentrations of individual pollutants in air to be achieved by a fixed date.</p> <p>The Government's Air Quality Strategy sets out different dates for achieving objectives for each of the air pollutants between 2003 and 2010. The policy objectives are similar to, but, in some cases, tighter than the corresponding mandatory EU limit values. Details of the objectives are set out in the Strategy at : http://www.defra.gov.uk/environment/airquality/strategy/index.htm</p> <p>Performance is assessed annually by means of data from the national air quality monitoring network: http://www.airquality.co.uk/archive/index.php</p> <p>A general assessment of progress in improving air quality is also published each year against the air quality headline indicator for sustainable development. Details can be found at: http://www.sustainable-development.gov.uk/indicators/headline/h10.htm</p> <p>This PSA target does not include Carbon Dioxide (CO₂), which is covered in the section on greenhouse gas emissions.</p> <p>Coverage: England</p> |
| Progress | <p>Status: four out of seven objectives are currently being met.</p> <p>Table D8 presents information from our national air quality monitoring network. This shows that we continue to meet the 2003 objectives for benzene, 1,3-butadiene and carbon monoxide, and we also achieved the 2004 objective for lead.</p> <p>Provisional data indicates that there were some sites in urban areas and beside busy roads where the NO₂ and PM₁₀ objectives were not met in 2005, and that with present policies and technologies it is unlikely that the objectives for these pollutants will be met by the 2010 target date.</p> <p>The PSA objectives are assessed in terms of concentrations of pollutants and although we have made considerable progress in the last few years, recent measurements show that long term reducing trends for nitrogen dioxide (NO₂) and particles (PM₁₀) are flattening or even reversing at a number of locations, despite current mitigation measures.</p> <p>A review of the Air Quality Strategy is underway, and, together with Defra and other departments, we have considered possible additional measures, including transport measures, to move us closer to meeting the objectives. The review will take account of the EC's Thematic Strategy and proposal for a new air quality Directive, published in September 2005. The public consultation document was issued in April 2006, and the final report is expected to be published by the end of 2006.</p> <p>The Department continues to implement the Government's strategy for transport contained in <i>The Future of Transport</i> White Paper, published in July 2004.</p> <p>We are continuing work with our European partners to develop even tighter standards for new vehicles and fuels.</p> <p>We are working directly with key local authorities to identify effective measures to improve air quality, including the development of local PSA targets. Where air quality levels have been exceeded at specific locations, the relevant local authorities are required to declare Air Quality Management Areas, and the local authorities are developing plans to tackle the problems identified. The second round of Local Transport Plan (LTP) guidance, published in January 2005, asked for Air Quality Action Plans to be incorporated into local authorities' LTPs, which were submitted in March 2006, and are now being assessed.</p> <p>Together with Defra, we are discussing with Greater London Authority/TfL the development and implementation of the Mayor's proposals for a London Low Emission Zone to encourage the use of cleaner HGVs, coaches and buses in the capital. The Mayor issued his proposals for consultation in February 2006.</p> |

Quality of data

There are 100 monitoring sites in the automatic urban and rural network in England. Not all of these sites provide data for each pollutant in the PSA target. The sites collect information continuously and publish it hourly at www.airquality.co.uk. This network is supplemented by 1,065 non-automatic monitoring sites. Data from these sites are collected and published over longer periods of weeks and months, depending on the pollutant.

Monitoring sites have to meet mandatory requirements specified in European Air Quality Directives, which have been transposed into UK regulation. The Directives allow for uncertainties of 15-25 per cent for individual data, depending on the pollutant. The most recent calculations for monitoring sites in the UK gave uncertainty of 8-11 per cent. Data uncertainties will be recalculated following publication of guidance from the European Standards Institute.

Table D8: Measured concentrations of pollutants in England in 2005



The columns in Table D8 represent average concentrations of pollutants at monitoring sites across England. The vertical blue lines represent the range of concentrations at these sites. Where the tops of the ranges are below the red line, the objective is being met.

Information on concentrations of other air pollutants can be found in Chapter 2 of Defra’s Autumn Performance Report 2005; <http://www.defra.gov.uk/corporate/deprep/2005/chapter2.pdf>

Climate change

| | |
|-----------------------|--|
| SR2004 PSA target | <p>To reduce greenhouse gas emissions to 12.5 per cent below 1990 levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. (Joint target with the Department for the Environment, Food and Rural Affairs (Defra) and the Department of Trade and Industry).</p> |
| Performance indicator | <p>Carbon dioxide and other greenhouse gas emissions Carbon dioxide (CO₂) and other greenhouse gas (GHG) emission estimates have most recently been published in the Climate Change Programme Review consultation document¹. A Defra news release dated 31 March 2005 contained provisional 2004 estimates for its climate change sustainable development indicator². An updated set of estimates will be published within the revised Climate Change Programme Review.</p> <p><i>Supporting indicators</i></p> <p>Fuel efficiency of vehicles Statistics on average new car fuel efficiency are published every year, using DVLA and SMMT data. As part of the Voluntary Agreement between the European Commission and the automotive industry, there is an EU-wide average new car fuel efficiency target of 140g/km to be met by 2008-09.</p> <p>The UK Powering Future Vehicles Strategy sets a target that by 2012, at least 10 per cent of new cars sold in the UK will have a fuel efficiency of 100 g/km CO₂ or better. It also sets a target that by 2012, 600 or more buses coming into service each year should be 'low carbon buses'.</p> <p>Carbon content of fuel The carbon content of petrol and diesel has remained largely unchanged over time, and will continue to do so. Thus, in order to reduce the carbon content of road fuels there needs to be increased uptake of low carbon fuels such as biofuels and a move towards renewably produced hydrogen.</p> <p>Coverage: United Kingdom</p> |
| Progress | <p>Status: We are on course to do more than meet our Kyoto target of keeping annual greenhouse gas emissions between 2008-2012 at 12.5 per cent below 1990 levels.</p> <p>We have voluntarily set ourselves significantly a harder domestic target, of a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010.</p> <p>The Kyoto target is not directly comparable to the domestic target because the former covers a basket of greenhouse gases which includes methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride as well as carbon dioxide, while the second covers only carbon dioxide.</p> <p>The Climate Change Programme Review, published in March 2006, estimates that by 2010 the Programme could:</p> <ul style="list-style-type: none"> reduce the UK's emission of the basket of greenhouse gases on which the Kyoto target is based to 23-25 percent below base year levels; and reduce the UK's carbon dioxide emissions to 15-18 percent below 1990 levels <p>Most transport emissions count towards targets under the Kyoto Protocol, including emissions from domestic aviation. Emissions from international aviation and international shipping, however, do not count because there is no agreement on how, or whether, to allocate emissions from these sources to individual countries.</p> <p>We believe that the best way of making aviation contribute towards climate stabilisation is through a well-designed emissions trading regime and this was a priority of the UK Presidency of the European Union in 2005. We welcome the fact that in December 2005 under our chairmanship the EU Environment Council recognised that emissions trading seems to be the best way forward, and urged the Commission to bring forward a legislative proposal by the end of 2006. We are also continuing to press for the development and implementation, through the International Civil Aviation Organisation (ICAO), of an international emissions trading scheme.</p> |

Fuel efficiency of vehicles

Data produced by DfT (using DVLA data) on new car fuel efficiency shows that new cars have continued to become more fuel efficient. New cars sold in the UK in 2004 were on average some 11 per cent more fuel-efficient than in 1995 – and they were 20 times cleaner and made a third less noise than cars bought in the 1980's. The rate of progress has slowed in recent years, however and new cars sold in 2005 were only 0.9 per cent more fuel efficient on average than new cars sold in 2004.

The colour-coded fuel efficiency labels currently available in most UK showrooms enable consumers to make informed choices about fuel efficiency when buying a new car and are directly linked to the graduated Vehicle Excise Duty (VED) bands. As well as highlighting the fuel efficiency of every new car on sale, the labels also contain information on how much motorists can expect to pay in fuel bills in a typical year for a particular car, and whether the car qualifies for a reduction in VED.

The sustainable distribution programme encourages efficient operating practices in the haulage/logistics industry. We have been able to give practical advice on how to cut down on lorry mileage, on fuel consumed and on accidents. We expect this programme to deliver continuing carbon savings over time as transport operators integrate this best practice fully into their everyday activities.

Carbon content of fuel

Sales of biofuels are increasing – in September 2005 they made up some 0.25 per cent of total fuel sales and we expect to meet or exceed our 2005 target of 0.3 per cent of total fuel sales, as set under the EU.

At the international conference on Environmentally Friendly Vehicles held in Birmingham on 10 and 11 November the Secretary of State announced the Renewable Transport Fuel Obligation under which 5 per cent of all transport fuel sold in the UK will have to come from renewable sources by 2010.

In the short term, these fuels are likely to be biofuels, which are available today and can easily be blended in into today's petrol and diesel and used in any vehicle. Longer term, they could be biogas or renewably produced hydrogen.

We estimate that this will net a one million tonne reduction in carbon emissions every year, equivalent to taking one million cars off the road.

The mass-production of fuel cell cars using renewably produced hydrogen is still some decades off, but there are already three hydrogen fuel cell buses in service in London, in a two-year, Green Fuels Challenge – and New Vehicle Technology Fund – supported trial. This is part of a wider EU initiative: Clean Urban Transport for Europe.

Several innovative vehicles were launched for demonstration in 2004-05, including a hybrid London black cab, an electric shuttle bus in Lincoln and a range of electric delivery vehicles in Sheffield, while an Infrastructure Grant Programme, which provides grants to service station owners for refuelling points for alternative fuels, was launched on 16 August.

Sustainable Travel strategies

We are currently spending around £20 million each year on grants for rail freight, which take about 800,000 lorry movements off the road each year. This cuts congestion and carbon emission and the amount of freight moved by rail has grown by 45 per cent since 1997.

We have set ourselves a target of increased bus use and in most areas partnerships between bus operators and local authorities will achieve our objectives.

The Transport Act 2000 brought in a package of measures to improve bus travel, including a key provision that local authorities must prepare an LTP and a bus strategy. Further measures were announced in July 2004 in *The Future of Transport*, to develop the potential of Quality Contracts, which give local authorities greater powers to determine the bus network, where radical options are required.

The Government has greatly increased funding for local authority capital expenditure on infrastructure schemes such as bus lanes, and has funded many new services through the rural bus grants and urban bus challenge.

We have launched a five year, £10 million sustainable travel town initiative to introduce comprehensive and strategic packages of soft and hard measures in Peterborough, Darlington and Worcester to promote safe and pleasant walking, cycling and bus use on a town-wide basis.

Quality of data

Carbon dioxide and other greenhouse gas emissions

To assess progress of the EU15 countries towards the Kyoto target, all Member States must provide the Commission with data on their own performance. There are uncertainties associated with estimates in a given year; however trends over time are likely to be much more reliable. For more information on these uncertainties see the Defra website at www.defra.gov.uk/environment/statistics/airqual/aqemissions.htm.

Fuel efficiency of vehicles

DVLA and SMMT records are of a very high quality and provide a very accurate statistical record.

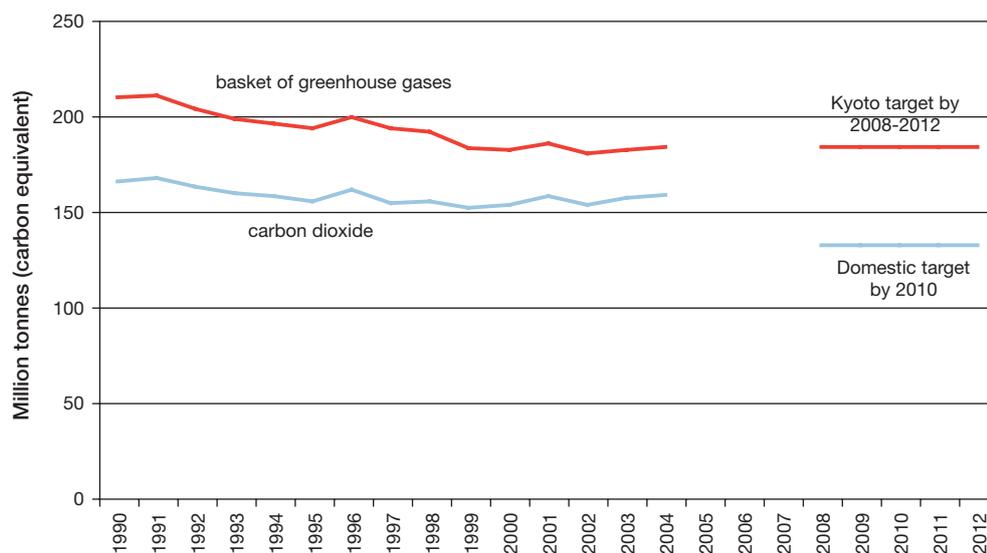
Carbon content of fuel

The carbon content of petrol and diesel (which is known) is an inherent property of the fuel and remains largely static over time. The potential life-cycle carbon savings from switching petrol and diesel for biofuels has been the subject of much study to increase its accuracy.

¹ <http://www.defra.gov.uk/corporate/consult/ukccp-review/ccpreview-consult.pdf>

² <http://www.defra.gov.uk/news/2005/050331a.htm>

Table D9: Emissions of greenhouse gases: 1990-2012



Efficiency

| | |
|-----------------------|--|
| SR2004 target | The SR2004 Efficiency target to achieve annual efficiency gains of 2.5 per cent against the Departmental Expenditure Limit is not a PSA target. |
| SR2002 PSA target | Achieve annual efficiency improvements of 2.5 per cent, measured against the Department's Administration Cost Limit. |
| Performance indicator | <p>The SR2002 PSA Efficiency Target is based on achieving efficiencies and savings relating to the Administration Cost Limit (ACL). The ACL for 2005-06 is £242 million, which results in a PSA target of £6.1 million of efficiency gains.</p> <p>Efficiencies are defined as:</p> <ul style="list-style-type: none"> • increased outputs/outcomes for the same inputs; • constant outputs/outcomes for reduced inputs; and • reduced inputs from sun-setting unnecessary activities. |
| Progress | <p>Status: Plans in place to deliver target in 2005-06. SR2002 target monitored as part of the wider Efficiency Programme for the SR2004 period.</p> <p>From 2005-06 onwards, the Department has a new target of 2.5 per cent year on year efficiency gains against the Departmental Expenditure Limit (covering both programme and administration expenditure). Projects and programmes to deliver the required efficiency gains have been identified and implemented and the appropriate governance structures put in place.</p> <p>Progress towards the achievement of the PSA Efficiency Target in 2005-06 (the final year of the SR2002 target) is being monitored as part of the wider Efficiency Programme. The PSA target will be met through a number of efficiency projects and programmes running across the centre of DfT and the Highways Agency (HA). Administration cost efficiency gains in the centre of DfT will result from reduced numbers of staff and relocations, flexible deployment and improved financial management processes. An end-year review will be completed shortly to confirm the final position for 2005-06 and further details will be available in the Department's Autumn Performance Report.</p> <p>The DfT's Efficiency Programme will deliver the efficiency proposals developed by the Department as its contribution to Sir Peter Gershon's Review of Government Efficiency announced in SR2004. The Department's target is to realise total annual efficiency gains of at least £785 million by 2007-08, of which at least half will be cashable, releasing resources, wherever possible, to front-line activities. This target represents 2.5 per cent year on year gains against the Department's overall budget over the SR2004 period, excluding Rail, which was subject to its own review.</p> <p>In 2004-05 the Department achieved efficiency gains of £288m and is on course to exceed expected efficiency gains for 2005-06. Further details on 2005-06 efficiency gains are being finalised and will be available in the Department's Autumn Performance Report.</p> <p>The Department has published an Efficiency Technical Note (ETN) on its website setting out how the wider efficiency programme will be taken forward across the SR2004 period and how efficiency gains will be measured. The Department published a revised ETN on its website in December 2005, providing updated information on the measurement methodologies and validation methods that will be used to assess progress.</p> |
| Quality of data | In 2005-06 the collection of data, monitoring of progress and quality assurance was carried out through the Department's Efficiency Programme Board in accordance with the reporting requirements of the Office of Government Commerce and the appropriate audit and assurance mechanisms. |

London Underground

| | |
|------------------------|---|
| No longer a PSA target | Cut journey times on London Underground services by increasing capacity and reducing delays. |
| SR2002 PSA target | Cut journey times on London Underground services by increasing capacity and reducing delays. |
| Performance indicator | <p>Responsibility for London Underground (LUL) was transferred to Transport for London (TfL) in July 2003. Six key indicators measuring the performance of LUL's services, were agreed with the Mayor at the time of transfer. The six indicators have annual milestones up to the end of 2010-11 and five are increased incrementally.</p> <p>With the transfer of LUL, the PSA target was not retained in SR2004, however the six indicators listed below will continue to be monitored against the agreed targets.</p> <p>Reliability</p> <ul style="list-style-type: none"> • Excess journey time. • Excess train journey time. <p>Excess journey time is a measure of the amount of wasted time per customer journey. It adds time wasted in stations (eg due to congestion and queuing for tickets) to delays to services (excess train journey time).</p> <p>Capacity</p> <ul style="list-style-type: none"> • Operated train kilometres. • Percentage of schedule operated. <p>Other measures</p> <ul style="list-style-type: none"> • Overall customer satisfaction. • Percentage of peak trains cancelled due to driver non-availability. |
| Progress | <p>Status: In 2005-06, three targets were met or exceeded, and three targets were missed.</p> <p>Up to 25 June (the end of LUL's third performance period) five out of six targets were being met or exceeded, with LUL forecasting that they may narrowly miss the number of train kilometres operated, though they were optimistic the shortfall could be made up.</p> <p>Operational performance of the Underground during 2005-06 was greatly affected by the terrorist incidents in July 2005. A number of lines (Circle, District, Metropolitan, Hammersmith & City and Piccadilly) were either closed or partially suspended following the attacks. Full services did not return on all lines and to all stations until 4 August when the Circle line was restored during peak periods.</p> <p>As a direct consequence of the attacks it is estimated that LUL were unable to operate 1.1 million train kilometres, 1.4 per cent of the annual schedule and 0.23 minutes was added to their excess journey time. Using these estimates LUL would have met five out of six performance targets, but for the July attacks, and were directly prevented from meeting two targets that have now been missed; percentage of schedule operated and excess journey time.</p> <p>The longer – term performance impact of the July incidents has been on several fronts. LUL have been without a number of trains involved in the incidents, and the increased number of security and passenger alerts has had an impact. Trains must also now have a working radio to remain in service while recorded staff absenteeism has also deteriorated slightly, partly due to July's events when many of LUL's staff were directly involved in helping the injured.</p> <p>Other, non-terrorist related factors, have also impacted LUL's performance during the year. The Northern line faced severe disruption and closure during October following problems with the emergency braking system. There was also limited network wide disruption on 31 December and 8-9 January due to industrial action by station staff. The performance of the District line throughout the year, and the Northern line on 8-9 January, were also affected by local industrial disputes. These factors have contributed to LUL missing the target for operated train kilometres, even after adjusting their performance for the impact of the July attacks.</p> |

Improvements this year

- Refurbished District line trains have begun returning to service, with the entire fleet of 75 trains due to be completed by 2009.
- In December and January a seventh car was added to all 59 Jubilee line trains and four new trains added to the fleet. This provides a 17 per cent increase in capacity and allows an extra 6,000 passengers to travel at peak periods.
- 18 stations have now been enhanced with improvements including upgraded CCTV, information displays, public address systems, emergency help points, platform seating and better lighting and signing. Work at a further 14 stations is substantially complete but they have not yet been returned to LUL and 66 more stations are due to be completed by March 2007.
- 45 stations now have step-free access from the platform to the street, and LUL has set a target of 25 per cent (63 stations) being step-free by 2010 and 50 per cent (126 stations) by 2015.
- Wembley Park Station has been substantially rebuilt to cater for visitors to the new national stadium. A 70 per cent increase in capacity now enables the station to handle 37,500 passengers an hour, and was delivered to contract deadlines and budget.
- The Waterloo & City line closed for five months on 1 April 2006 to allow for major refurbishment. The entire track and all electrical, mechanical, communication and fire protection equipment will be renewed. Trains will be refurbished and platform improvements undertaken. This work will enable an increased train frequency and faster running times, leading to reduced journey times.

Longer term improvements

- The PPP will deliver an overall increase in the capacity of the system of 25 per cent by 2016.
- 80 per cent of the track will be replaced or refurbished during the 30-year contracts.
- Successful trials of a new £600 million signalling system for the Jubilee and Northern lines have been completed. The new system will be installed on the Jubilee (2009) and Northern (2011) lines, increasing capacity for both by 20 per cent. New signalling will also be introduced on the Victoria (2013), Piccadilly (2014), sub-surface routes (2018) and Bakerloo (2020) line.
- 249 stations will be improved, modernised or refurbished by 2013, with minimum standards required by 2010.
- New trains will be provided for the Metropolitan and Victoria lines from 2009, the Piccadilly, Circle and Hammersmith and City lines from 2013 and Bakerloo line from 2019. The Central, Waterloo & City, Northern and Jubilee line trains will all be refurbished by 2017. By 2020 all lines will have new or refurbished trains.

Quality of data

LUL provides the figures used by the Department. They operate 13 four-week periods each financial year, collecting a wide variety of performance information.

LUL's surveys use established methods for obtaining customer opinion and are conducted by an independent market research company. Excess Journey Time is partly derived from operational systems and partly uses survey data. Data for operated train kilometres and the percentages of schedule operated and peak trains cancelled are totals rather than samples. Collection of some operational data involves manual processing where automation is currently not available.

**Table D10: London Underground performance targets:
outturn to 31 March 2006, 2005-06**

| Government target | 2003-04 target | 2003-04 actual | 2004-05 target | 2004-05 actual | 2005-06 target | 2005-06 actual ² | Adjustments for July incidents | 2005-06 underlying | 2006-07 target |
|--|----------------|-------------------|----------------|----------------|----------------|-----------------------------|--------------------------------|--------------------|----------------|
| Reliability | | | | | | | | | |
| Excess journey time (minutes) | 3.36 | 3.36 | 3.27 | 3.23 | 3.25 | 3.34 | -0.23 | 3.11 | 3.24 |
| Excess train journey time (minutes) | 2.05 | 2.03 | 1.97 | 1.80 | 1.93 | 1.76 | -0.02 | 1.74 | 1.91 |
| Capacity | | | | | | | | | |
| Operated train kilometres (millions) | 67.7 | 67.7 ¹ | 68.9 | 69.4 | 70.5 | 68.8 | +1.1 | 69.9 | 70.7 |
| % schedule operated | 93.8 | 93.1 | 94 | 95.3 | 94.3 | 93.6 | +1.4 | 95.0 | 94.5 |
| Other measures | | | | | | | | | |
| Overall customer satisfaction | 75 | 76 | 76 | 78 | 77 | 78 | - | 78 | 77 |
| % peak trains cancelled due to driver non-availability | 0.6 | 0.3 | 0.6 | 0.1 | 0.6 | 0.2 | - | 0.2 | 0.6 |
| ¹ Reduced from 68.2 to reflect the cancellation of a new timetable on the Central line due to the Chancery Lane derailment. ² LUL's forecast for the year end figure. | | | | | | | | | |

Appendix E

Public Accounts Committee recommendations

Improving Public Transport in England through light rail

NAO Report, 23 April 2004 (HC 518 2003-04)

PAC Hearing, 10 November 2004

PAC 11th Report, 5 April 2005 (HC 440 2004-05)

Treasury minute, 20 July 2005 (Cm 6609)

The Committee's key recommendations

- The Department should develop a strategy for the development of light rail as part of an integrated transport network.
- The Department should have acted more quickly when problems with the design and delivery of systems started to appear and costs started to escalate.
- The process to plan and approve schemes is too lengthy and time consuming.
- To improve the realisation of expected benefits, the Department should require promoters to state clearly how they propose to integrate light rail with other modes of transport.
- The Department has failed to evaluate fully the £1.2 billion of public money invested in light rail systems in England. It now has plans to set up such evaluations for new schemes.
- The Department should consider whether their estimated evaluation costs of £10–15 million are unnecessarily high.
- The lack of standardisation in the design of vehicles and systems has driven up costs.
- Diverting utilities such as water and gas mains, and installing new infrastructure, also drives up costs. The Department has not questioned whether such work is always necessary or who should do it.

- Innovative ultra light rail technologies have been excluded from departmental funding because they cost less than the £5 million qualifying threshold for a scheme to receive financial support.
- The Department has shown limited interest in the financial viability of light rail systems even though the residual risk of such schemes if an operation fails is likely to fall on taxpayers.

The Department's response

- The Department agrees that light rail should be integrated with other parts of a local transport network. The White Paper, 'The Future of Transport' (Cm 6234), and Guidance for Second Local Transport Plans (LTPs), both published last year, provide examples of transport measures which can complement light rail schemes. What this means for the design of individual schemes will obviously vary from place to place. However, the Department intends to work closely with local authorities who wish to develop light rail schemes, particularly as part of innovative local plans to tackle congestion. We announced on 5 July 2005 the details of the Transport Innovation Fund which will support good value local schemes combining demand management with better public transport.
- The Department recognises that light rail can deliver quicker, more reliable journeys, and can be effective in attracting people out of cars. It will support light rail schemes where they are the best solution for the local circumstances. This will usually be in corridors with high traffic and passenger flows.
- Light rail is a relatively expensive solution, so the additional costs must be justified. Proposals for developing light rail schemes must therefore be compared with other public transport solutions. A light rail scheme has to show that it represents value for money, taking account of the wider benefits, and that it is affordable in terms of both central and local contributions. It must demonstrate that it will help local authorities deliver wider transport goals such as tackling congestion and minimising pollution.

- The Department is now taking a more active role than it has in the past by working directly with promoters of light rail from an early stage to provide guidance on what is likely to be worth pursuing and to ensure that all these issues are addressed. For example, we have worked closely with the promoters of Leeds on development of revised proposals, consideration of alternatives, and procurement approach. We are in discussion with the promoters of Manchester Metrolink about their strategy for extensions to the existing system as part of an integrated transport package for the area.
- Prioritisation of light rail schemes takes account of a range of factors – qualitative and quantitative impacts, including value for money, and also wider considerations such as the fit with national, regional and local strategies and what is actually deliverable. The Future for Transport announced the intention to give regional bodies a stronger say in developing transport strategies and priorities, through the publication of long term guidelines for the level of regional spending.
- In helping local authorities to develop more successful light rail schemes, the Department is considering how success can be built upon and how best practice can be shared. To achieve this, the Department has embarked on a programme of workstreams with the Passenger Transport Executive Group (PTEG) light rail group. A seminar has been held with promoters on realising the benefits for passengers and improving financial viability of schemes. A workshop on evaluating light rail schemes has also been held with a view to a wider seminar for promoters. Further seminars on procurement strategies and the Transport and Works Act process are planned; and subsequent sessions may include: reducing costs of implementing light rail; including standardisation; developing other sources of funding; innovation; track-sharing issues; appraisal and safety aspects. In each case the Department will be discussing how effectively to disseminate the outputs of this work.
- The Department is also working to ensure that better guidance about developing a light rail scheme is available to promoters. The outputs from the PTEG work, mentioned above, will contribute to this. The Department intends to publish the guidance later this year.

- The Department has also been working with the Commission for Integrated Transport on their project to produce guidance on affordable mass transit systems. The guidance will provide an assessment framework and comparative information to help promoters of mass transit systems select the most suitable, affordable and cost effective technology taking into account the scheme context, and help to ensure that delivered systems achieve their forecast performance. It should also assist government, financial institutions and Private Finance Initiative (PFI) contractors, who are responsible for the funding and delivery of such systems.
- The Department agrees that the procurement strategy for a scheme, and the associated commercial and financial risks, require careful scrutiny: and that experience and best practice should be shared. Recent experience has taught that the Department should only give final scheme approval once the costs, risk and benefits of a scheme proposal have been thoroughly researched and costed. The Department must also be satisfied that the procurement approach proposed is appropriate and offers the best value for money.
- The Department issued new draft guidance on the approval process for major schemes on 1 April 2005, which includes a requirement for more information on procurement in the bid documentation. Under the new approval process schemes will pass through a three-stage decision process, rather than two. This includes:
 - **Programme entry** which signifies that the Department would expect to fund the scheme subject to it being affordable; meeting value for money criteria; being a high priority for the region and deliverable by the promoters within time and budget.
 - **Conditional approval** would be granted following the granting of statutory powers but before procurement. This represents a commitment to funding provided the estimated costs and risks do not change adversely and the scheme is ready to commence within a specified period.
 - **Full approval** will be granted only when procurement has taken place and prices and risk allocation are known with confidence. The promoter will have a preferred bidder and a revised benefit: cost ratio for the scheme with final costs.

- The Department will also make sure major schemes, including light rail, will go through the Office of Government Commerce Gateway process. The OGC Gateway provides reviews of projects at critical stages to ensure they are in a fit state to move forward. The requirements for Gateway Reviews will also provide reassurance to the Department that a scheme is under good project management.
- The Department is already playing a more strategic role across projects, discussing with promoters at an early stage the best procurement approach for new schemes, and ensuring that the risks are properly reflected in the economic and value for money appraisal.
- No single procurement model will be appropriate for all schemes – particularly where extensions to existing systems are concerned. Promoters seeking funding approval are therefore encouraged by the Department to learn from previous experience and to consider which procurement strategies would be most beneficial in their particular circumstances.
- Procurement models for light rail systems have developed over recent years, learning from previous experience, and will continue to be developed as new projects come forward. Sheffield Supertram was the last light rail system developed under public sector “traditional” procurement.
- Private finance has shown some advantages. In the existing Private Finance Initiative/Public Private Partnership projects, public sector exposure to significant cost overruns during construction has been avoided by transferring this risk to the private sector. The private sector has also taken the revenue risk. There were significant losses on the Croydon Tramlink, Midland Metro and Nottingham Express Transit systems which would have been borne by the public sector under traditional procurement. More recent tender exercises demonstrate that the market transfer of full revenue risk is unlikely to offer good value for money in most circumstances.
- The Department is working with the industry more generally, including through UKTram, to continue to develop the procurement models that seek to deliver best value for money. Along with

promoters of schemes, the Department has been looking at the detail of particular procurement approaches. This includes reviewing the risk allocation being adopted, the overall contracting structure, the role of private finance and the approach to project delivery. UKTram is prioritising work in this area, bringing together experts from across the industry to draw on experience, both in the UK and abroad, to look at procurement strategies for future schemes.

- Where risks are retained within the public sector these must be both affordable and robustly managed and mitigated. Scheme proposals are being subjected to scenario testing to ascertain their financial robustness given the proposed contracting structure, and to identify any potential direct or indirect financial liabilities that may fall to the scheme promoters.
- The Department is now seeking to work with the promoters of existing systems in order to continue to monitor financial performance of those schemes and capture lessons from operational experience.
- The on-going financial performance of light rail schemes depends on patronage and revenue levels. To help improve patronage forecasting, the Department commissions independent audits of promoters' models, and has undertaken a review of the modelling guidance. A draft revised version of the guidance will be published for consultation shortly. The new guidance will provide advice to promoters on the design and use of public transport forecasting models and will cover best practice.
- The Department agrees that there is much to admire in the success of light rail development in France and Germany, and wants to learn as much as it can from this. However, the read-across is not straightforward, for example, population densities are usually higher, and urban layout is often more accommodating to light rail. The European LibeRTiN programme is further developing template tender documents covering core areas e.g. operations, vehicles and infrastructure – which can be used separately or together. These, combined with the development of new technical standards, will help to reduce tender preparation time, and improve market response.

- The Department agrees that the process to plan and approve schemes is too lengthy. In order to improve performance in this area, the Department has increased its input from the earliest stages of scheme preparation, providing advice to promoters on policy, appraisal and procurement issues to try to avoid problems and delays downstream. It has issued draft guidance on developing major schemes, so that promoters have a clear understanding of what is needed from them at each decision stage.
- Promoters and their consultants also have their part to play in helping the process go smoothly and expeditiously. There have been instances where they have been slow to produce the necessary robust information or analysis which is important for proper assessment of the business case.
- The Department has been working to ensure that statutory procedures deliver decisions more quickly. Under the Transport and Works Act (TWA) 1992, promoters of light rail schemes can apply for an Order giving them powers to construct and operate a scheme. TWA rules introduced in August 2004 will help to make the inquiry process more efficient, and new rules are being prepared which will improve the process for making and considering applications. Of the four TWA Order applications for new light rail schemes decided since the TWA Orders Unit transferred to the Department in March 2003, two decisions were well within published targets and one was only just outside. The other recently missed its target due to the promoters having to review and revise their proposals after the inquiry closed.
- The Department agrees that, to be successful, light rail schemes need to provide the best value for money way of delivering local authorities' wider transport strategies. The Department recognizes that light rail schemes need to be developed as part of an integrated approach, including integration of buses, through ticketing, appropriate park and ride facilities, and measures to manage traffic. There are sufficient powers available to local authorities to deliver a strategy of this kind. The Department has said that it is not minded to approve light rail schemes in the future unless they demonstrate such an integrated approach. It is working closely with promoters to ensure that this approach is reflected in scheme development.

- *The Future of Transport* White Paper encouraged local authorities to consider strategies to tackle congestion in towns and cities by improving public transport together with demand management methods to reduce car use, such as road pricing that targets congestion. These measures could be used to help make light rail more successful.
- The White Paper set out the Department's intention to establish a Transport Innovation Fund to help its delivery partners to develop and deploy smarter innovative local and regional transport strategies. As we announced on 5 July, the Fund will:
 - Support the costs of smarter, innovative local transport packages that combine demand management measures such as road pricing with, modal shift, and better bus services;
 - Support innovative mechanisms which raise new funds;
 - Support the funding of regional, inter-regional and local schemes that are beneficial to national productivity.
- Money from the fund will become available from 2008-09 and is forecast to grow from £290 million in 2008-09 to about £2.5 billion by 2014-15.
- The Department intends to commission a comprehensive before-and-after study of the next light rail scheme to gain full approval. The Department had commissioned consultants to devise a general framework for before and after studies, but the outcome was disappointing. The Department has now pulled together expertise from the PTEG light rail group and other areas, and is working to establish an evaluation framework. This will include core data requirements for each scheme; impacts that need to be considered; timing for the whole process and how to disseminate lessons learned effectively to other promoters.
- Joint evaluations with promoters of several existing schemes have been conducted in recent years, for example, Tyne and Wear Metro (1985), Metrolink Phase 1 (1996), Sheffield Supertram (2000) and Croydon Tramlink (2002). The Department has conducted joint monitoring of Midland Metro with Centro.

- A full, comprehensive evaluation of a light rail scheme will be expensive, because the evaluation will have to run for five to ten years once the regeneration benefits are in place. The figure of £10-15 million was a market tested price, following a tender exercise for a specific study (for Manchester Metrolink Phase III). We would expect costs to be lower for a smaller scheme. Some lessons from previous schemes are relatively quick and easy to spot without a comprehensive evaluation and can be applied to future schemes. Building on the work with PTEG described above, we will be ensuring that such opportunities are exploited.
- *The Department already expects promoters to show that they have learnt from practical experiences elsewhere and will look to see if there are opportunities in future projects for promoters to work in partnership. Once a clear set of standard specifications for light rail systems is established the Department will require, as a condition of grant for a future scheme, that these specifications are met.*
- The Department has welcomed the creation of UKTram. UKTram was formed in 2004 to represent designers, operators, promoters and suppliers of tramway systems in the UK. It brings together representatives from: Confederation of Passenger Transport UK, Transport for London, the Passenger Transport Executive Group light rail group and the Light Rapid Transit Forum (private sector industry body including contractors, suppliers and advisers). The Department is working closely with the group as their work programme develops.
- UKTram aims to address many of the issues that were raised in the National Audit Office report on light rail. Working groups have been set up to take forward four main streams of work:
 - Development of technical, operational and safety management standards and best practice guidelines;
 - Peer review process to provide a challenge to the robustness and optimisation of new proposals, providing an early link to industry best practice and standards;
 - Legislative issues – to review, assess and respond to safety and other relevant legislation with a specific tram impact; and

- Procurement & funding – developing a suite of procurement and funding options to deliver best value in tramway development.
- The Department challenges scheme promoters, where necessary, over their approach to managing construction and this includes utility diversion.
- The utility companies are understandably keen to have all the utilities along a proposed tram route diverted to avoid damage and have preferred to carry out the works themselves at cost to the promoter. However promoters are now taking a more risk-based approach, questioning whether all the utilities need to be moved in the first place. They are also considering carrying out the diversions through the concessionaire or separate contracts. The Department is working closely with individual scheme promoters and PTEG on this issue.
- The Department agrees that the potential benefits of innovative light rail technologies could be explored further through pilots. The Department has now removed the qualifying threshold for pilot or demonstration schemes. Those costing under £5 million are now eligible for major scheme funding from the Department, providing that they meet a genuine transport need and can demonstrate value for money. The Department recognises that the full benefits of an innovative pilot may be in releasing the potential for its wider application, even if the benefits as a stand-alone project are less clear. We will take this into account when appraising the case for such schemes. The Department will engage in discussions with any authority proposing such a scheme at an early stage and will provide case specific guidance as to how the potential benefits may be assessed.

London Underground Public Private Partnerships

NAO Report, 17 March 2004 (HC 645 2003-04)

PAC Hearing, 23 June 2004

PAC Report, 31 March 2005 (HC 446 2004-05)

Treasury minute, 29 June 2005 (Cm 6579)

The Committee's key recommendations

- An alternative solution might have been to restrict the PPP approach solely to major upgrade work.
- Departments should not use the Public Sector Comparator (PSC) as conclusive evidence of the value for money of the PPPs.
- Issuance of a public sector bond should be considered for financing future infrastructure projects in which significant risk transfer to the private sector may not be achievable.
- Disagreement between the main parties responsible for procuring and managing a PPP ideally should be resolved beforehand and certainly before the terms of a PPP are agreed.
- Public sector bodies should ensure that the contractor discloses the existence of any success fees in bid competitions and that there is satisfactory justification for such fees.

The Department's response

In Accepting the Committee's recommendations the Department made the following points:

- The Department does not agree with the Committee's conclusion. When developing the PPP, routine maintenance was included alongside the longer-term enhancement projects for the following reasons:
- Previously a weakness in traditional procurement by London Underground (LU) was that they would acquire assets such as trains and signals, but on a short-term 'cost-only' basis. For example if trains were delivered and the contract requirements met LU would be left with meeting any shortcomings in their construction or design. Longer term issues, such as higher running or maintenance costs, would fall to LU. Good industry practice now requires an approach which considers performance and cost for the whole asset life, including design, construction, maintenance and its eventual replacement. Under the PPP it will be in the interests of the PPP companies to deliver assets that have the best whole life cost, i.e. that they are well designed, have maximum durability, deliver the required benefits and have minimum long-term maintenance costs.

- A primary motivation behind the PPP was LU's previous record on delivering major upgrades. The National Audit Office (NAO) Report 'Were they good deals?' notes the Government's view that LU, while having a good record in delivering passenger services, had demonstrated weak management of major infrastructure projects leading to substantial cost and time overruns. As the Committee's report states, the Central line modernisation and the Jubilee line extension were both substantially over budget and did not deliver the improvements envisaged at the commencement of the projects. The desire to bring in the necessary structural changes, and particularly the separation of responsibility for delivering passenger services from the management of the infrastructure, was an important factor in the decision to proceed with the PPP.
- Separating routine maintenance from enhancements (i.e. undertaking the 'steady-state' maintenance outside of the long-term improvements) would have created a series of complex interfaces across the whole network with LU having to manage, and possibly bear, the potential risk and costs associated with this. LU would have retained day to day responsibility for maintenance while managing potentially a very large number of contracts to install new assets, such as signals, track and trains across eleven lines. Issues such as the access to work areas, with their restricted engineering hours, and compatibility of equipment would have fallen to LU. This would have created logistical complexities in managing many more interfaces, and potentially a significant level of integration risk to ensure that all trains, track and signalling were compatible across maintenance and enhancement boundaries, and across lines where track is shared.
- A criticism levied against the PPP by the Transport Select Committee is that under the PPP, LU 'is left with a plethora of different arrangements with private partners all responsible for different bits of infrastructure'. While there are interface issues between the current PPP and PFI contracts managed by LU, the PPP does mean that many of the potential interface issues of modernising the whole network are now the responsibility of PPP companies.

- The PPP contracts are outcome based so they specify the desired level of performance from the assets rather than specify inputs (money invested) or outputs (e.g. track refurbished). This type of contract was not possible with split responsibility between maintenance and enhancement. Attributing responsibility for costs overruns, delays and poor performance during and after the enhancement project would not have been possible and it would have left LU to retain a larger risk share than under the existing PPP structure.
- The current expenditure profile under the PPP, with a high level of routine maintenance costs, can be misleading at the early stages of the contracts and will change with time. LU estimated that in the first 15 years of the contracts around 48 per cent of the expenditure would be incurred on major projects. Major enhancements, such as signalling and train replacement, will have an initial low expenditure profile as the projects are in the start-up, design and contract-letting phases. Expenditure on these will rise dramatically as the major projects reach construction and implementation.
- At the same time much of the initial expenditure by the PPP companies has been targeted at addressing the immediate backlog of maintenance concerns that they have inherited. This is delivering immediate benefits in performance. In 2004-05 train delays were at their lowest level since 1998-99, reflecting improvements by the PPP companies in the reliability of the trains, track and signalling. Over 95 per cent of the schedule was run, the highest level for seven years, which enabled LU to set a record of operated train kilometres at nearly 70 million. Customer satisfaction was also at its highest level since 1990-91.
- The Department and LU did consider wider, non-quantitative factors alongside the PSC and assessed value for money on a broader basis. The procurement process for the PPP took place prior to the Treasury's new Value for Money Guidance being published. However, as noted in the Committee's report, the key principles of this Guidance were adopted for the PPP. Wider factors such as the strategic benefits, the ability to create a partnership and risk share were considered as part of the separate value for money evaluations undertaken by both LU and the Department.

- The Department agrees with the Committee's conclusion. Before proceeding with the PPP a comparison was carried out within the PSC between the PPP and the option of using local authority bonds for each of the contracts. However, the PSC still found in favour of the PPP, as the efficiencies that the PPP is expected to bring outweighed the extra financing costs of privately sourced funds.
- As the Committee's recommendation also notes bond financing would not have transferred the risk arising from cost overruns due to inefficient or ineffective practices to the private sector. Previously much of the major work on the Underground had been undertaken by the private sector, but risk had remained with LU. Thus the cost overruns of £1.4 billion on the Jubilee line and £200 million on the Central line projects were met by the taxpayer.
- The Prudential Regime was not available to allow local authorities to raise finance through issuing bonds as it was launched in April 2004. This was after the development of the PPP contracts, the last of which were signed in April 2003.
- The Department agrees the importance of ensuring that the main parties involved in procuring and managing a PPP are in agreement that it provides the best solution before embarking on such a project.
- It is, though, also the case that any Government will wish to deliver its manifesto commitments. The origin of the PPP's development was a commitment in the Labour Party's 1997 Election Manifesto.
- Labour plans a new public/private partnership to improve the Underground, safeguard its commitment to the public interest and guarantee value for money to taxpayers and passengers.
- The development of the PPP commenced in May 1997 when various options for the modernisation of the Underground were considered and it was then formally announced in March 1998 that the PPP structure was the preferred method for delivering this. The Greater London Authority was established in May 2000 and only after its establishment was it confirmed that the Mayor would be formally opposed to the PPP. At this stage the extent and duration of the opposition to the PPP from the Mayor and TfL could not have been anticipated.

- Thus the unique circumstances in the PPP process were that one of the major parties to the procurement was only formally established after the initial decision-making and preliminary procurement stages had been completed.
- The Department agrees with the Committee's conclusion. Bidding fees have always been incorporated into the costs of delivering services, whether identified separately within the tender process or not. Contract prices will always contain an element to cover the costs of successful and unsuccessful bids; otherwise a company's long-term financial viability would be threatened when faced with unrecoverable costs for each failed tender. In the case of the PPP, as noted by the NAO, LU did scrutinise the audited bid costs before they were reimbursed and not all submitted costs were accepted.
- PFI projects should be pursued only where this delivers overall value for money, which includes consideration of the optimum combination of whole life cost, qualitative benefits and ability to meet the user's requirement. Therefore, bid costs, to the extent that it impacts on whole life costing, form part of the wider considerations for assessing value for money. Nevertheless, we agree that bid costs, including success fees, should be made transparent and disclosed to the procuring authorities to assist them in their value for money assessment.
- The cost of the extensive upfront due diligence exercise is included as bid costs within the overall costs of delivering the service and is taken into account as part of the overall value for money considerations, rather than just at initial procurement stage. This ensures that competitive pressures exist on bidders and help to ensure that bid costs are driven down.
- The Government also continues to implement measures designed to reduce both bid costs and times. The rigorous enforcement of the standardisation of PFI contracts (SoPC 3) and creation of sector specific standard contracts will help to drive this process. While the greater involvement of Partnerships for UK and the Public Private Partnerships Programme will also further support public sector bodies in the efficient procurement of PFI transactions. Providing the private sector parties with a more detailed view of the

government's forward investment programme will help them to better manage and plan their resources and therefore is expected to reduce the overall private sector costs in relation to PFI transactions.

Tackling congestion by making better use of England's motorways and trunk roads

NAO Report, 26 November 2004 (HC 15 2004-05)

PAC Hearing, 8 December 2004

PAC 25th Report, 28 June 2005 (HC 134 2004-05)

Treasury minute, 12 October 2005 (Cm 6668)

The Committee's key recommendations

- The Agency has shown a lack of leadership and urgency in tackling congestion on England's roads.
- Where the Agency has trialled traffic management measures such as variable speed limits, ramp metering and dedicated lanes, pilots have been poorly designed and managed, leading to inconclusive results.
- The Agency has done little to tackle the problems caused by lorries overtaking at slow speeds and on inclines even though they are a significant cause of congestion on motorways and dual carriageways.
- Other poor behaviour by motorists such as occupying the middle lane unnecessarily or driving too close to the car in front causes congestion and accidents.
- The Agency should provide drivers with accessible real time information at the roadside to help them avoid congested areas of the network.
- The Agency should use the significant information flows available at the new National Traffic Control Centre to provide motorists with more comprehensive and comprehensible messages on the location of congestion, impact on journey times and alternative routes.

- The Agency should provide information to motorists at roadworks to explain the retention of speed and lane restrictions where the sites are not being actively worked on.
- The Agency expects to reduce the time taken to clear motorways after a major accident or incident, currently around 5.5 hours on average, through its new Traffic Officer role.
- Currently the Agency adopts the same cost benefit techniques to appraise all projects whether new roads builds, smaller construction projects or traffic management measures.
- The Agency has not aligned its technology strategy with its strategy for building new roads and widening existing ones, with the result that inappropriate and potentially costly decisions have been made.
- The Agency should target traffic management measures at the most congested parts of the network across the country as a whole rather than by region.
- The Agency did not take advantage of the introduction of the Licensing Act 2003 to become a body to be consulted when promoters of events such as sporting or entertainment events apply to local authorities for a licence.

The Highway's Agency Response

In accepting the key recommendations, The Highway's Agency and/or the Department, as appropriate, made the following points.

- The Agency does not accept that it has shown a lack of leadership. It will continue to learn from others as it continues to operate a safe and reliable trunk road network.
- The Agency along with the Department for Transport has implemented a wide range of traffic management measures aimed at tackling congestion. This includes major schemes such as widening existing roads and constructing new ones and also innovative measures. England's strategic road network carries some of the highest traffic flows in Europe and has one of the best records for road safety.

- Innovative measures that are in the course of being put into operation include:
 - Traffic Officers patrolling motorways
 - National and Regional Traffic Control Centres
 - Ramp Metering on motorway entry slip roads
 - Variable Speed Limits on motorways and current trials being carried out include:
 - Active Traffic Management (on M42 near Birmingham)
 - Car sharing or High Occupancy Vehicle Lane trials (on M1 between Luton and St Albans).
- The Agency accepts this conclusion in respect of the two traffic management pilots considered in detail by the Committee but not in respect of other trials that it has carried out and services that it has delivered.
- The Committee's comments are based on two pilots (ramp metering and variable speed limits) which took longer than anticipated and where the National Audit Office believed management was poor. However, the delays were mainly because it proved difficult to confirm their benefits to the required level of confidence. The Agency will invest only where it is confident that there are benefits to taxpayers.
- The Agency supports the Committee's recommendation on design of pilots. Guidance on monitoring of trials already exists. The Agency is now working with the National Audit Office to produce guidance on planning and delivery of technology trials. An area of continuing difficulty is the selection of sites which are unaffected by other factors, given the range of interventions currently under implementation on the strategic road network.
- The Agency has a proven track record of running successful pilots to improve safety and reduce congestion, most of which have been, or are being rolled out on the network. These include:

- Incident detection and warning systems (MIDAS). This system was successfully piloted on the M1 in the late 1980's and has since been rolled out to over 500 miles of the most congested sections of motorway, saving an estimated 13 per cent of injury accidents each year where it has been deployed.
- Midlands Driver Information Service. This system provided advance warning of traffic conditions, including advice on alternative routes, over the Midlands area and the Midlands/London corridor. The system provided the forerunner to the national traffic control centre, which started operation in 2003.
- The Agency routinely monitors congestion on the trunk road network through surveys of traffic volumes and speeds and delays. It has provided crawler lanes on motorways where congestion as a result of slow moving vehicles has been identified.
- Following investigations begun in 2003, a trial daytime ban on lorries overtaking along a section of the M42 in Warwickshire is starting on 10 October 2005. Results from this trial will determine whether such measures are appropriate elsewhere on the trunk road network.
- The Agency agrees with the Committee's recommendation concerning its relationships with the various interest groups as good practice. The Agency considers and has to balance the interests of all road users and those affected by roads. It regularly meets with representatives of motoring organisations including freight groups. These meetings are carried out throughout the Agency from the Chief Executive to officer level.
- The Agency conducts an annual Road User Satisfaction Survey to canvass the views of both road users and those affected by roads. This is used to inform its discussions with all its stakeholders and is used to measure the Agency's progress against its key performance indicator for customer satisfaction.
- The Agency is already working with other organisations to influence driver behaviour. Over the past two years the Agency has had a formal programme using variable message signs on motorways to support different campaigns with messages such as 'Don't hog the

middle lane', 'Keep left unless overtaking' and 'Keep your distance'. It works closely with local police to address particular problems on the network.

- The Agency is pleased to see that other countries such as the Netherlands are following its lead in the use of such messages.
- The Agency's Business Plan for 2005-06 includes a key performance indicator to "make a demonstrable improvement to the accuracy of the variable message signs by March 2006 and develop an action plan for further improving their accuracy and effectiveness." To ensure full use of the technology the Agency is assessing how VMS is used in other countries, especially elsewhere in Europe.
- The Agency has a continuing programme of installing strategic variable message signs to give road users information on traffic conditions and in the last year alone has provided an additional 10 per cent taking the total number to 2,265 signs.
- The Agency also recognises that information needs to be readily available to motorists both before and during their journeys through a variety of media. It therefore provides additional information through traffic and travel news broadcasts on the radio, the Highways Agency web site, and the Highways Agency Information Line and through an interactive telephone service that was introduced in July 2005. As an illustration of the widespread usage of such facilities there were approximately 22 million visits (page impressions) to the Agency's website and nearly 86,000 enquiries made to the Information Line during 2004-05.
- As the availability and quality of information increases, further services will be delivered through the Agency's National Traffic Control Centre. Other initiatives are also being considered with the aim of allowing road users to make more informed decisions on the route, time and mode of their journey. Responsibility for setting messages on variable message signs will be transferred from the Police to the Agency as the new Regional Traffic Control Centers are established over the course of this year and next. In taking over these functions, the Agency will be keen to improve the accuracy and timeliness of information carried by the signs.

- Where it is necessary to keep works and speed restrictions in place, this is for the safety of the travelling public and the Agency's workforce. It is standard practice for signing at roadworks to give an explanation of what is taking place. Wherever possible, the Agency endeavours to remove roadworks and speed restrictions over bank holidays and during the busiest holiday periods. In some cases, it is not apparent to motorists precisely what work is being carried out as it may be taking place alongside or underneath the carriageway.
- The Agency has been praised for the quality of information provided to drivers during the recent strengthening works on the M1 Tinsley Viaduct and recognises that this practice should be applied more consistently across its entire programme of works.
- A recent Eurotest study carried out by national automobile associations from 11 European countries praised the Highways Agency for its management of motorway roadworks and its innovative approach to safety.
- The Agency's Business Plan for 2005-06 already includes a key performance target relating to clearance times for incidents in which Highways Agency Traffic Officers are in the lead. In the West Midlands, Traffic Officers aim to clear 75 per cent of incidents for which they are in the lead within 30 minutes of taking full responsibility for re-opening the road to traffic.
- In July 2005, the Agency was set the new Public Service Agreement (PSA) target of "By 2007-08, make journeys more reliable on the strategic road network". This will be achieved if the Agency secures by 2007-08 a reduction in the delay experienced by road users on the slowest 10 per cent of journeys (for each link) made on the strategic road network compared with 2004-05 levels.
- Over the next two years, the new PSA target for journey reliability will be the Agency's high-level external performance target in this area. The Agency will continue to monitor the performance of its Traffic Officers for internal purposes.
- All Highways Agency improvement projects are supported by business cases. These are based on guidance contained in 'the New Approach To Appraisal' (NATA) which considers the impacts of

a scheme against the Government's five overarching objectives for transport: – environment, safety, economy, accessibility and integration. The NATA framework is used to appraise all transport schemes and therefore provides a consistent basis for comparison and prioritising between schemes. The extent of appraisal carried out on a given scheme depends on its complexity and costs.

- The Agency recognises that it needs to be quicker and smarter in drawing conclusions from its trials. However, the requirements for acceptance and the wider use of measures are likely to remain more rigorous than in some other countries, to ensure value-for-money for the taxpayer.
- The Agency considers that it has taken decisions on the basis of the best information available at the time. In particular, it believes that it took a reasonable approach to investment risk when installing and upgrading signs in the South East, given the uncertainty surrounding the programme of motorway widening at that time. Motorway widening plans were under review through the Government's programme of multi-modal studies which were launched in 2000 and reported in 2003-04. Over this period there was uncertainty over which sections of motorway were likely to be widened and when. It would have been unwise to have installed costly technology which could subsequently have had to be removed to allow for widening. The Agency's technology strategy is now aligned with its Targeted Programme of Improvements.
- The Agency believes that traffic management measures have been targeted at the most congested sections of the network. However, owing to uncertainty over motorway widening in the South East (and particularly the M25), this region has had less investment in traffic management systems than, for example, the West Midlands and North West. The programme for investment from 2005-06 onwards set out in the Agency's leaflet on tackling congestion which it published on 24 June 2005 seeks to redress this imbalance.
- The Agency partly accepts this conclusion inasmuch as it was disappointed not to have been made aware of the opportunity to be included as a statutory consultee when the Licensing Act 2003 was being drawn up.

- Following the National Audit Office report, the Agency made representations to the Department of Culture, Media and Sport (DCMS) but DCMS did not consider that the Licensing Act 2003 provided a mechanism whereby a body could be a statutory consultee for selective licence applications, such as only those which were likely to have an impact on the trunk road network.
- The Agency is still seeking to resolve this issue with DCMS and, in the meantime, works closely in partnership with police and local planning authorities so that it is made aware of major events likely to affect the network.
- The Agency has a record of successfully working in partnership with the organisers of major events to mitigate the effects of generated traffic. Recent examples include:
 - Introducing a contra-flow system on the A43 serving Silverstone over the weekend of the British Grand Prix;
 - Dedicating two lanes of the Dartford Crossing for motorcyclists following the World Superbike meeting at Brands Hatch in August 2005; and
 - Receiving praise from the organisers of Royal Ascot for making sure that drivers were well informed and that the network coped with greatly increased volumes of traffic when the event was held in York in 2005.

Network Rail: making a fresh start

NAO Report, 14 May 2005 (HC 523 2003-04)

PAC Hearing, 26 May 2005

PAC 28th Report, 7 July 2005 (HC 556 2004-05)

Treasury minute, 12 October 2005 (Cm 6668)

The Committee's key recommendations

- The Department will need to set strategy more effectively than did the SRA.

- In taking on its new responsibilities, following the abolition of the SRA, the Department should recruit enough staff with commercial and technical skills and with the stature necessary to deal effectively at the highest levels of the railway industry.
- Network Rail should develop long term financial indicators to help judge whether it is meeting its performance objectives in a cost effective way over time.
- As the Department ultimately stands behind Network Rail's financial liabilities, it should establish effective oversight of the risks.
- The Government should justify explicitly the extra cost of private finance rather than conventional public funding of Network Rail.

Network Rail's response

In accepting the key recommendations, Network Rail and/or the Department, as appropriate, made the following points.

- The report recognises the fundamental change introduced in the Railways Act 2005 to give the Secretary of State responsibility for deciding the key outputs to be delivered on the railway – and the resources available to achieve this -over each 5 year Control Period.
- This is an important opportunity for the Government, not available to the SRA, to set strategic goals for the whole industry. It also provides a new mechanism for the Department to work closely with Network Rail and the Office of Rail Regulation (ORR) in the development of the High Level Output Specification (HLOS). The Department intends to use this development process to give Network Rail a better understanding of our strategic goals and, at the same time, inform ourselves of how Network Rail proposes to deliver them. The objective is not simply to produce a clear set of objectives but to underpin these with a thorough shared understanding of how they will be delivered and what they will cost.
- The Secretary of State's proper role is as principal public sector customer and funder of the railway, acting on behalf of taxpayers. Scottish Ministers are also a key public sector customer and funder. Network Rail has a range of other customers including freight and open access operators and, of course, fare paying passengers.

In future, it will be for the funders to decide what they want to buy from the railway, through the HLOS. It is for ORR, as independent economic regulator, to establish what Network Rail needs to do to deliver the HLOS, to determine a fair price for Network Rail to do this, and to take enforcement action if the company fails to deliver. The White Paper and Railways Act 2005 clarify and strengthen this customer-supplier relationship between the Department and Network Rail as a private sector company operating at arm's length.

- The Department agrees that to be successful, it must be resourced appropriately to carry out its new roles, for example in preparing the HLOS as well as in letting and managing passenger rail franchises.
- Dr. Mike Mitchell was appointed as the new Director-General Rail in February 2005 after an open competition, in a process managed by the lead Civil Service Commissioner, Baroness Prasha. Dr Mitchell has over 30 years' experience in the transport sector working with British Rail and FirstGroup. The Department has also appointed a number of other individuals with direct commercial and technical experience of the rail sector to positions in the new Rail Group.
- The Rail Group is made up of 250 posts with a further 50 posts in related areas of the Department. Good progress is being made in filling posts, with a full complement expected shortly. Two thirds of posts filled have been recruited from the SRA and about a quarter from DfT. The remaining posts, including technical and commercial staff, have been advertised in national and specialist media. The Department has also been successful in working with the rail industry to arrange a number of secondments.
- Those with appropriate commercial and technical skills elsewhere in the Department will also work closely with the Rail Group where needed, for example the Corporate Finance Director and team.
- A number of indicators is used to assess Network Rail's overall financial performance. These allow an assessment of the company's financial performance over time through an examination of actual or projected movements in their values. In comparison, a simple measure based on maintenance and renewal costs per passenger mile would have a number of disadvantages: for example it could

mask inefficiency or a failure to renew the network adequately. Moreover, some of the indicators are essentially 'balance sheet measures' which should reflect the cumulative impact of long term financial performance. These indicators are assessed at periodic or interim reviews and also on a continuing basis through their inclusion in reports such as the Regulatory Accounts, the Network Rail Monitor and Network Rail's Business Plan.

- ORR establishes, monitors and enforces targets for Network Rail. ORR and DfT both recognise the importance of securing sustained long-term cost reductions in order to minimise the financial burden of the railway on the taxpayer. Access charges reviews (ACR), undertaken periodically by ORR, already set out clear expectations of the rate of efficiency improvement by Network Rail. The ACR2003 final conclusions expect Network Rail to measure its unit costs and to monitor its progress against ORR's assumption that it should be able to reduce its unit costs by 31 per cent by the end of Control Period 3 (2009). Early indications suggest that NR is delivering the required efficiency savings, although clearly much more work is needed to achieve the full 31 per cent. The next ACR will establish the efficient cost of Network Rail's activities through Control Period 4 (to 2014) and an indication of the position for Control Period 5 (to 2019).
- Lowering the cost of the railway remains a priority. In order to ensure long term financial efficiency ORR is working with Network Rail to develop a more comprehensive measure of expenditure efficiency, based on the unit cost of delivering a wide range of Network Rail's activities. To ensure that Network Rail's financial savings do not detract from its performance objectives ORR monitors the causes of any Network Rail underspend to ensure financial efficiency is the product of outperformance and unit cost reduction not under-delivery of outputs or of work needed to sustain the network over the longer term.
- ORR will closely monitor Network Rail's level of spending, the causes of any underspend/overspend, whether it has delivered its output targets and unit costs and its progress in reducing these in line with ORR's unit cost efficiency assumptions in the ACR2003.

- The Railways Act 2005, in providing for the Secretary of State to set the railways' high level outputs and to specify its budget, changed the nature of risk associated with Network Rail financial performance, transforming this from a budgetary risk to the DfT into a service risk to the user.
- The Department considers that the arrangements it has in place, following the Rail Review, provide it with effective oversight of any residual risk that Network Rail's performance ultimately results in financial liabilities to Government. These arrangements include the Department being party to information that is provided by Network Rail to ORR under the regulatory body's monitoring requirements, which have been made more thorough in recent years. They also include the Department's own reporting requirements with Network Rail.
- The Department agrees that it is important to understand and learn good practice in assessing financial risks from other bodies within Government. Notwithstanding this, the relationship between Department for Trade and Industry and British Energy is not particularly analogous. The context of the relationship differs from that of the relationship between the Department and Network Rail in a number of important respects, but in particular that British Energy is not price regulated by an independent regulator.
- The Department believes that ORR plays a very important role in monitoring and protecting government against the financial risks that could ultimately fall to it. In this respect, ORR has a duty to have regard to the funds available to the Secretary of State. It also has a duty to have regard to Network Rail's finance ability, which in turn reduces the prospect of financial failure. As described above, in exercising these duties, ORR performs significant monitoring of the company's financial performance through such means as Network Rail's business plan and the Network Rail Monitor, supported in some cases by licence conditions. It also seeks that the company has appropriate incentives and governance arrangements to encourage good financial performance. Whilst ORR does have a number of diverse duties to balance, these objectives receive equal priority and the Department is confident that ORR provides effective oversight in these areas.

- The Department's oversight of these risks needs to leave it still at arms length from Network Rail. It is important for the efficiency of the company's performance – and therefore ultimately for the efficiency of Government funding – that Network Rail, as a private sector company, is allowed to exercise appropriate discretion in managing the risks and finances of its business without excessive intrusion and interference. This is also important in supporting the independence and stability of Network Rail's regulatory environment and thereby, over time, investors' perception of the company's credit quality.
- The Department considers that the arrangements it provides for supporting Network Rail's debt are justified by achieving efficient financing costs for the company whilst giving it a genuine private sector character.
- The cost of capital achieved by Network Rail under the Government's Financial Indemnity is around 20 basis points above gilts. This shows that the cost of Network Rail's debt under the Financial Indemnity is much closer to that achievable from direct public sector financing than it is to the level of interest rates associated with private sector debt that does not benefit from government support. The extra cost of private finance is therefore relatively small.
- At the same time, Network Rail's performance to date suggests that they are making good progress in delivering the very significant efficiency savings set at the last regulatory review, whilst improving output measures such as train performance at the same time. Network Rail's achievement of these cost and output improvements will be of very significant value to government.
- In starting to deliver in these areas, Network Rail is demonstrating the sort of behaviour that is expected from a private sector company responding to incentive regulation. Experience has shown that public sector bodies do not respond nearly as effectively. Ensuring the company remains part of the private sector, in part by financing through private sector capital, serves to reinforce the private sector ethos, which we believe will be vital to success.

Appendix F

Better regulation

The Department continues to work actively to take forward the principles of better regulation in all of its work. While regulations are needed to protect people using and working on all forms of transport, the public and the environment it is important to strike the right balance so that they do not impose unnecessary burdens or stifle growth.

Administrative Burdens Reductions Project

Following the announcement in the 2005 Budget that the Government would be measuring and reducing regulatory burdens on business, charities and the voluntary sector (particularly in terms of form filling, keeping records and inspections), the Administrative Burdens Reduction project was launched in summer 2005.

The Department has identified over 100 Regulations which place some form of administrative burdens on transport providers in all these sectors, and from September 2005 to March 2006 has been working with PricewaterhouseCoopers ((PwC), who were awarded a cross-government contract to manage this project, and with industry contacts to establish the nature of the burdens produced by the regulations and the baseline administrative costs to the transport sector. We will use this information to identify burdens that could be removed, and so reduce the costs that legislation imposes on industry and other groups.

Simplification

The 2005 Budget also reiterated the Government's commitment to delivering real reductions in regulatory burdens and bureaucracy. To take this forward the Department, working with its Executive Agencies and independent transport regulators, is producing a comprehensive programme of measures which will simplify aspects of our regulations and their enforcement, and the way services are delivered, and so reduce burdens on businesses and the public. The measures currently being considered for inclusion in the programme will be published later in the year as a Simplification Plan.

An example of simplification already underway, and continuing, is the introduction of a wide range of online communications and transactions for many vehicle licensing and similar functions, which saves both time and money for both the general public and business. A further example is the Regulatory Reform Order laid before Parliament for scrutiny in November 2005. The Public Services Vehicles Reform Order will deliver a number of improvements for bus operators and local authorities.

The Department would welcome further suggestions on how our regulations could be simplified and any burdens reduced, including burdens that stem from the way rules and regulations are enforced. We have set up a dedicated email address that can be used to make simplification suggestions, at SimplificationDfT@dft.gsi.gov.uk. The Cabinet Office also have a website dedicated to the Government's simplification programme which can be used to make suggestions for reform, at <http://www.betterregulation.gov.uk/>.

Working with business stakeholders

The Department has built close relationships with industry and other stakeholders and consults widely during the policy-making process and following implementation of policies and processes. The Administrative Burdens Reduction project has led to the formation of a Group which includes representatives from the main industry sectors affected by the work of the Department. This builds on the work which is already undertaken by individual policy making groups and Agencies and will promote discussion of those policies which affect all sectors.

Consultation

Effective consultation with the public and industry stakeholders is a key part of the policy-making process.

The Department published 36 consultations during the calendar year 2005 of which 24 were for 12 weeks or more.

Ministerial approval is sought for consultations that are less than 12 weeks. Of these:

- six were to fit in with a European or parliamentary timetable.
- six had previously been consulted on for 12 weeks.

Consultation with the Rail Industry about the implementation of the various European Interoperability Directives led the Department to reconsider the draft legislation. A single set of regulations and guidance has now been developed that cover all the Directives which should make it easier for the industry to manage these changes.

Early consultation with the aviation industry regarding the protection of regional air services to London helped us to develop an additional option for implementation which was subsequently adopted.

Regulatory Impact Assessments (RIAs)

RIAs are used to assess the benefits of proposed new policies against the costs and other impacts (for example social and environmental).

Number of RIAs prepared

The Department achieved a compliance level of 100 per cent for the RIA process throughout the year, against the target measured by the Cabinet Office Better Regulation Executive (BRE). All of the consultations examined by the Cabinet Office were accompanied by a Partial RIA.

A final overarching RIA was laid with the Railways Act 2005. Final RIAs were laid in Parliament with the 39 pieces of Secondary Legislation that affected industry and one was laid with a Code of Practice. RIAs have been prepared for the three Bills that we have laid before Parliament.

Improving the quality of RIAs

The Department provides a central training and advice service for staff as part of an ongoing programme to improve the quality of RIAs and raise awareness of the latest initiatives on reducing burdens. Training is delivered through workshops, seminars and one-to-one advice, by DfT and Cabinet Office Better Regulation teams.

Appendix G

European Union

During the two Councils of the Presidency, and in separate negotiations with the European Parliament, the Presidency was able to reach agreement on dossiers across all modes of transport.

Access for aviation passengers of reduced mobility

Following agreement in the Council and with the European Parliament, this regulation will allow people who are disabled or of reduced mobility to take full advantage of the opportunities of air travel. It will guarantee the provision of assistance at no additional charge, while ensuring that passengers are not refused carriage on commercial flights.

Aviation safety

Following agreement in the Council and with the European Parliament, the regulation will see an EU wide 'black list' of airlines banned by Member States. It also give passengers the right to know their air carrier in advance.

Air transport negotiations between the EU and the US

Negotiations towards an air services agreement between the EU and the US resumed under the Presidency. The Council and the Presidency worked closely with the Commission to achieve a balanced package. While good progress was made in the talks the Council was not able to reach any decisions while the US was reviewing its internal rule-making process on airline ownership and control, which are seen as essential elements of any agreement. That process is expected to be concluded during 2006.

Careers in the maritime sector

As part of the Government's 'Better Regulation' initiative (one of the overall priorities of the UK Presidency) the Council agreed to boost employment prospects in the maritime sector through a non-regulatory voluntary action programme. Member States and industry will work together to sustain high standards of management and training, and to improve the image of shipping as prospective employment.

Third Rail Package

Agreement was reached by Ministers on three rail related dossiers:

- **International Rail Passenger Service Liberalisation** – This will provide opportunities for new commercial international passenger services (including the right of cabotage on such services), while providing protection against competition for publicly subsidised services where strictly necessary;
- **International Rail Passenger Rights** – This will strengthen rights for international rail passengers so increasing the attractiveness of rail for international journeys; and
- **Train Crew Licensing** – This will facilitate the movement of train drivers between different States and companies.

‘Eurovignette’ Lorry Charging

The deal secured with the European Parliament at second reading will see important revisions to the existing EU lorry charging legislation. In particular, it will allow member states: to levy charges on all roads rather than just on motorways; to charge smaller goods vehicles; and to vary tolls more significantly to influence hauliers’ behaviour to reduce congestion and pollution.

HGV Drivers’ rest periods and driving hours

The legislation updating the EU drivers’ hours rules for lorry and coach drivers, and requiring Member States to undertake specified levels of enforcement checks, was agreed under the conciliation process between the Council and the Parliament. The deal included a new implementation date for the digital tachograph.

Galileo

Galileo is the EU’s global satellite navigation programme, which will be complementary to the existing US global positioning system (GPS). The first test satellite, built in the UK, was successfully launched during the Presidency. When operational, after 2008, Galileo will provide a more accurate and reliable service, enabling a greater range of applications.

Events

During September, the Department hosted an on-line web-based consultation of EU Transport Ministers, focused on the Commissions' mid-term review of its transport policy White Paper. This innovative exercise was well received. The Commission said that the review would issue in 2006, to give time for more input from Member States. The main comments of Member States, who submitted their comments to the discussion via an electronic message board, focused on the need to manage the further inevitable increase in road traffic. The opening and closing statements are publicly available on the Department for Transport website and the UK Presidency website.

The Department also organised a number of other Presidency events. These included a PPP summit, a climate change conference and an environmentally friendly vehicles conference.

Appendix H

Ministers, the Board and committees, 2005-06

Ministers



Alistair Darling
Secretary of State for Transport



Derek Twigg
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Dr Stephen Ladyman
Minister of State



Karen Buck*
Parliamentary Under Secretary
*left government March 2006

Board



David Rowlands
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Director General



Mike Mitchell
Director General



Sue Killen*
Director General
*until October 2005



Robert Devereux
Director General



Archie Robertson
Chief Executive
Highways Agency



Ann Hemingway
Non Executive



Joe Montgomery
Non Executive



Deborah Williams
Non Executive

Committees of the Board

There are four committees of the Board. They are:

- the **Executive Committee**, chaired by the Permanent Secretary, which meets weekly and is responsible for management issues for DfT(C);
- the **Remuneration Committee**, chaired by the Permanent Secretary, which meets once or twice a year and is responsible for agreeing pay awards for Senior Civil Servants;
- the **Succession Management Committee**, chaired by the Permanent Secretary, which meets every two months and is responsible for overseeing succession planning for the Senior Civil Service and the Department's talent management strategy; and
- the **Audit Committee**, in place to support the DfT Principal Accounting Officer in his responsibility for issues of risk, control and governance and associated assurance. The Committee meets four times a year and receives summaries of Internal Audit reports, and considers the Group Head of Internal Audit's annual opinion on the effectiveness of risk management, control and governance. The Chair of the Audit Committee reports the Committee's views on the effectiveness of internal control to the Board regularly throughout the year.

The Audit Committee is chaired by Deborah Williams, a non executive member of the Department's Board, and has four members; Alex Jablonowski, the non-executive chair of the Highways Agency Audit Committee; John Mayhead, the non executive chair of the Driver, Vehicle and Operator Group; Dr Mike Mitchell, Director General of DfT Rail Group; and Robert Devereux, Director General of Road Transport, Aviation and Shipping Group.

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