Department for Transport Annual Report 2005 (CM 6527)

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Department for Transport

Annual Report 2005

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

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Foreword by the Secretary of State
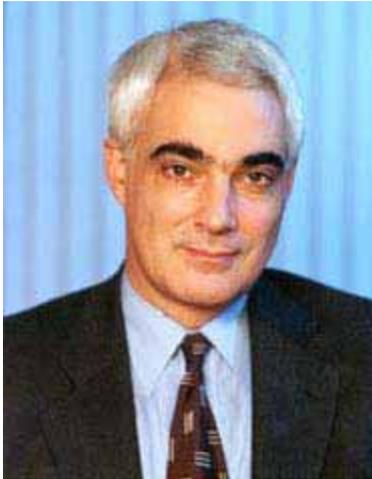
This Government is committed to delivering a modern, sustainable, efficient transport network for everyone in Britain.

Such a network can only be achieved by combining long-term planning with long-term funding. That's why the Future of Transport White Paper published last summer looked ahead to 2030 and beyond, and why the 2004 Spending Review raised planned transport investment from £10.4 billion in 2004-05 to £12.8 billion by 2007-08.

That higher level of spending will grow in real terms (by 2.25 percent each year) through to 2015.

Alongside long-term funding and planning, we are making significant improvements to the way transport is managed in this country.

For example, we are restructuring the railways to improve performance, and get better value for the tax payer. We are improving the way transport is managed at local level through the latest Local Transport Plans. And we're getting better performance out of our road networks following the successful introduction of the Traffic Management Act.

As this Department for Transport Annual Report 2004-05 shows, long-term planning, long-term funding, and better transport management are playing an increasingly important role in delivering our vision.

Other highlights of 2004-05 include:

- £7.6billion West Coast Main Line rail upgrade - providing faster, more efficient rail links.

- The 2005 Railways Act, passed in April, providing a 30-year vision for rail after decades of underinvestment.

- Continuation of the rail renewal programme, which has seen more than 2,000 new rail vehicles entering service in recent years.

- More than one billion rail passenger journeys for the first time in more than 40 years.

- The progression of measures from the Air Transport White Paper of December 2003. With demand for air services expected to continue rising rapidly, the White Paper balances the benefits of providing for growing demand against the environmental impacts of extending capacity.

- The results of a study examining how a new system of road use charging could help make better use of road capacity. This concluded that a national scheme has the potential to cut congestion by about a half - as well as providing significant environmental benefits.

- The completion of seven major road schemes by the Highways Agency, with 14 others currently under construction - including the M25 widening.

- A rise of £200 million in funding for Local Transport Plans in 2004-05, to a total of £1.9 billion.

- Increasing bus and light rail patronage - with a strong local focus on providing accessible, integrated transport services.

- Traffic congestion down 32 per cent in central London following the introduction of Congestion Charging.

We'll be maintaining the pace of change across transport in the coming year, with four Bills (covering road safety, Crossrail, merchant shipping, and civil aviation) introduced already in the new legislative programme.

Rt Hon Alistair Darling MP
Secretary of State for Transport

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 3-11: 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 *Future of Transport* White Paper, 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.
Recruitment information.
Numbers of senior civil service staff by pay band.

Appendix C: Departmental strategies.

Occupational Health and Safety Report.
Publicity and advertising.
Rural proofing.
E-business.

Appendix D: Public Service Agreement Targets.

Appendix E: Departmental Investment Strategy.

Appendix F: Public Accounts Committee recommendations.

Appendix G: Better Regulation.

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.

Spending Review 2002

The Government's Spending Review 2002 *New Public Spending Plans 2003-2006* (Cm 5570) was published in July 2002. It updated the plans set out in the Spending Review 2000 *New Public Spending Plans 2001-2004* (Cm 4807) published in July 2000.

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. The Department for Transport's PSA for 2004-05 was set in Spending Review 2002.

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) published July 2004 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 June 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 2004-05

PSA targets and other objectives	Chapter
PSA targets	
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Improve rail transport	Chapter 4 - Rail
Improve public transport	Chapter 5 - Buses Chapter 6 - Making choices locally and regionally
Improve transport in London	Chapter 6 - Making choices locally and regionally
Improve road safety	Chapter 10 - Safety and security
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Other objectives	
Improve airport and air space capacity	Chapter 7 - Aviation and shipping
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DVO Group modernisation objective	Chapter 11 - Electronic services for customers
Promote mobility and reduce social exclusion	Chapter 10 - Safety and security
Security and compliance	Chapter 10 - Safety and security
Regional transport strategy	Chapter 6 - Making choices locally and regionally

Chapter 1 - The year in brief: our key achievements 2004-05

1.1 This chapter covers major events in transport and the Department's activities and achievements during the year ended March 2005. There are more details in later chapters.

Sustained investment

Local Transport

- In December 2004, the Department announced £1.6 billion capital settlement for local transport in 2005-06. 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.

- In 2004-05 some £35 million was paid to local authorities as grants to help fund projects under the Rural and Urban Bus Challenge schemes.

Railways

- Over 1,300 new vehicles came into service during 2004, at a cost of over £1 billion, as part of the biggest rolling stock replacement programme ever seen in this country. This takes the total number of new vehicles to have entered service since 1999 to over 2,000.

- Work to upgrade the West Coast Line to a top speed of 125 mph and to enable tilting trains to run is underway. Passengers are already benefiting. Tilting trains have entered service and a new timetable was introduced in September 2004 with enhanced service frequencies and reduced journey times. Further improvements are planned for June and December 2005. Network Rail will be investing £7.6 billion on the whole project, funded from the generality of its income set by the Regulator at the last Interim Review.

- Several freight-related projects were completed in 2004. The largest of these, the upgrade of the key rail freight corridor between Felixstowe and Nuneaton via London, was opened on time and under budget (at a cost of under £30 million instead of a projected cost of nearly £40 million) in October 2004, marking the completion of an 18-month project.

Roads

- During 2004-05 the Highways Agency (HA) completed seven major new schemes on the strategic road network, bringing to 28 the total of strategic road schemes completed since 2001. Of the 14 major schemes that are currently under construction, seven have commenced since April 2004. The HA plans to start construction on 35 new schemes by April 2008.

Improvements in transport management

Roads

- The Traffic Management Act gained Royal Assent in July 2004. It seeks to tackle congestion and disruption through better management of activities on the road network. There is a new traffic management role for the HA, including the appointment of traffic officers to deal with specific incidents which may hinder traffic flow on motorways and strategic roads. In addition, since January 2005, local authorities have had a new network management duty to manage local road networks effectively and keep traffic moving.

- The Department announced Britain's first High Occupancy Vehicle (HOV) lane on the M1 between St. Albans and Luton. Reserved for vehicles carrying two or more people, the lane is expected to cut congestion at peak times.

Road safety

- In the 12-month period, from January 2004 to the end of December 2004, deaths and serious injuries were down 28 per cent, which means we are over halfway to achieving the 40 per cent target set for 2010 compared with the average for 1994-98.

- Child deaths and serious injuries were down 41 per cent to the end of September 2004, compared to baseline, which is over threequarters of the way to the 50 per cent target set for 2010.

- A 40 per cent reduction in the number of people killed or seriously injured at camera sites, over and above the UK's general downward trend in killed or seriously injured casualties.

- There was a 32 per cent reduction in vehicles breaking the speed limit, and a 43 per cent reduction in excessive speeding.

Railways

- Punctuality and reliability continues to improve. The Moving Annual Average (MAA) of the Public Performance Measure (PPM) at December 2004 was 82.8 per cent, up 2.3 percentage points on the previous year. The National Passenger Survey recorded the highest passenger satisfaction ratings since 2000 showing that over 76 per cent of rail users were satisfied with their journey in autumn 2004.

- Introduced the Railways Bill to parliament to streamline the structure and organisation of the national rail system, and to provide legislative powers to implement the commitments in the White Paper. The Bill achieved Royal Assent on 7 April 2005.

- The British Transport Police Authority was established on 1 July 2004 to maintain a police force for the railways. The new authority will enhance the status and public accountability of the British Transport Police.

- The Disability Discrimination Bill introduced in the House of Lords in November 2004 includes new transport provisions which include one to allow an end-date to be set for all rail vehicles to comply with the Rail Vehicle Accessibility Regulations.

Light rail

- The light rail systems in operation continue to gain passengers. Light rail use has grown by over 87 per cent between 1996-97 and 2003-04. The biggest increases were on London's Docklands Light Railway (DLR), Croydon Tramlink and Sheffield Supertram. The DLR now carries over 48 million passengers a year, Sheffield Supertram now carries over 12 million passengers, and Manchester Metrolink now carries nearly 19 million passengers. Passengers on the other systems are also increasing in numbers. The Nottingham Express Transit's performance for the first few months of operations shows good system reliability. Current patronage is in the region of 25,000 journeys a day, around 5,000 (20 per cent) of which are from park and ride.

Improving customer service

- In December 2004, the Department launched Transport Direct, a new comprehensive travel information website for public transport users and motorists.

- The Driver, Vehicle and Operator Group introduced a number of key services that will enable growing numbers of customers to access its services at times that are convenient to them. Operators of heavy goods vehicles (HGVs) and public service vehicles (PSVs) can now track and amend details of their licences online. Customers with cars under three years old can renew their road tax disc online. The practical test booking system has been enhanced to incorporate changes in bookings through automated speech recognition.

Aviation

■ 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.

Looking forward

The Future of Transport

■ In July 2004 the Department published the White Paper *The Future of Transport: a network for 2030* which looks at the factors that will shape travel and transport networks over the next 30 years. Our investment plans have been extended to 2014-15 but the strategy looks even further ahead to the challenges we face over the next 30 years. The White Paper set out our vision for transport with a funding commitment at record levels until 2015. It describes how the Government will respond to pressures while safeguarding the country's economic and social well-being, and the environment. The Department's strategy builds on the progress that has already been made since the implementation of the 10 Year Plan for transport.

Roads

■ Road networks will be enhanced by new capacity where it is needed. There will be investment in roads including £1 billion for improvements to strategic roads of national importance and a £900 million programme for routes of regional importance over the next three years. This includes about £230 million that will be spent on HA roads, over and above expenditure on its nationally strategic routes like the M25 and also on top of the continuing public subsidy for the railways, buses and private sector investments such as the new high speed rail line to Europe, which also serve some South East commuters.

■ The new congestion targets being developed will be more relevant to drivers in terms of the roads they use, the journeys they experience and what they find meaningful. Congestion information will be available for individual strategic roads, rather than for the network as a whole.

■ The Department will be taking forward the work of the feasibility study into road pricing.

Railways

■ The Government will take charge of setting the strategy for the railways. Network Rail has been given clear responsibility for operating the network and for its performance. Franchise contracts will be direct with Government. Track and train companies will work more closely together. The Office of Rail Regulation will cover safety, performance and cost.

■ Extra short term funding has been committed over the next three years to support the rail industry as it works to bring costs under control.

■ Investment and effort will be concentrated where it delivers most benefit, with local and regional stakeholders being given the opportunity and incentives to make sensible choices between different forms of transport.

■ The Department for Transport and the Strategic Rail Authority are working with the industry to plan the replacement of the current High Speed Train Fleet, with new trains to be introduced from 2012.

Regional funding

■ The Transport Innovation Fund will help the Department's delivery partners to develop and deploy innovative local and regional transport strategies. The Fund will start at £290 million in 2008-09 rising to some £2.5 billion in 2014-15.

Local transport

■ The second round Local Transport Plans will be finalised by March 2006 to cover the period from April 2006 to March 2011. The guidance issued in December 2004 encourages authorities to develop high quality plans that effectively deliver local transport. These plans will allow continuing investment in major projects and a separate fund to support schemes in growth areas is being established.

Aviation

■ In July 2004, the Department issued the first stage of its consultation on night restrictions for Heathrow, Gatwick and Stansted to apply for six years from October 2005. The consultation process continues this year.

Ports

■ In 2005-06, and until resolution, the Government will take a lead role in working for a satisfactory and proportionate outcome following the European Commission's publication of a revised proposal for a Directive on Market Access to Port Services.

■ Following the commitment in *The Future of Transport*, we will be reviewing our policy framework for ports to ensure we continue to have the right basis for their sustainable development, in the light of decisions expected to be made later in 2005 on the outstanding proposals for major port development.

Improving customer service

■ During 2005-06, the DVO Group will continue its programme of fundamental business transformation using the new opportunities offered by IT. Over the next few years it will replace largely paperbased processes with electronic, self-service methods, structured around the customer's needs, thereby putting him or her firmly in the driving seat.

European Union

■ In the second half of 2005, the Department will be heavily involved in the UK's Presidency of the EU. Following agreement of a joint outline transport programme for 2005 with Luxembourg (the current Presidency), the Secretary of State will chair two Transport Councils, where Ministers from the 25 EU Member States meet to take forward the European transport legislative programme. In addition, Department for Transport Ministers will represent the Council of Ministers on transport business in meetings with the European Parliament and at international fora such as the International Maritime Organisation.

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. It also details how we are meeting our efficiency and value for money targets.

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 The Department's aim is transport that works for everyone. Transport touches the lives of everyone. It is rarely an end in itself, but is a means to many different ends. It makes a vital contribution to economic growth, and it contributes to other Government priorities - tackling crime, protecting the environment, and fostering social inclusion and thriving communities. Dealing with the problems of transport is therefore a key Government priority.

2.4 The Department has made good progress but many of the problems we face such as the relentless rise in demand for transport and the reversal of years of underinvestment raise long-term issues which need to be addressed effectively, year-on-year.

2.5 The Department remains committed to a sustainable approach to transport balancing the increasing demands for travel against our goals of protecting the environment and improving the quality of life for everyone.

The strategy

2.6 In July 2004 we published our White Paper *The Future of Transport: a network for 2030*. This strategy 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 strategy builds on the progress that has already been made since the implementation of the 10 Year Plan for transport. It extends our investment plans to 2014-15.

2.7 Our strategy is built around three central themes which along with the commitments made in the White Paper, are reflected throughout the rest of this report. These themes are:

- **Sustained investment** over the long term. The Government is committed to delivering sustained improvements to transport networks. The Department will increase its spending by an annual average of 4.5 per cent in real terms over the next three years. This includes an additional £1.7 billion transport reform package for the railways over and above the 10 Year Plan provision. 10 Year Plan spending has also been increased by £0.5 billion each year from 2006-07. This higher level of spending will then grow in real terms, by 2.25 per cent each year, through to 2015.

- **Improvements in transport management**. We are reorganising the rail industry to improve performance and to get better value from public spending. We are legislating to put in place a structure where the Government sets the strategy and controls public expenditure. Better traffic management will ease congestion on our roads and we will add capacity to the road network in a way that would not be environmentally irresponsible. We are exploring measures such as tolling on new roads and car pooling (High Occupancy Vehicle) lanes where these makes sense. Local authorities are being encouraged to procure bus services through Quality Contracts.

■ **Planning ahead**. The Government will lead the debate on road pricing and we will work with stakeholders to establish how and when pricing might provide the reliability and standards which will satisfy road users. We will work to ensure that the choices we face, together with their full costs and benefits are well understood. We are committed to sharing decision-making with regional and local stakeholders, and to ensure that regional and local planning is based on a shared view of priorities, deliverability and affordability. We will ensure that transport decisions are taken alongside decisions on liveability, sustainable communities and other policy areas.

Key objectives

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

Public Service Agreement

2.8 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 PSA covering the period up to March 2005 was set in the Spending Review 2002 and came into effect in April 2003.

2.9 The Department's PSA objective for this period was 'reliable, safe and secure transport for everyone which respects the environment'. There were seven PSA targets set out under this objective, covering congestion, rail, local public transport, London Underground, road safety, air quality and efficiency. 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 The Spending Review 2004, published in July 2004, unveiled a revised set of PSA objectives and targets for the period 2005-08. These took effect from April 2005. The coverage of these targets is broadly the same as the previous targets, with the addition of one new target on climate change. Some targets have evolved slightly but others are unchanged. Appendix D also shows how the targets have evolved.

2.11 The transfer of responsibility for London Underground Ltd (LUL) to the Mayor of London means that a PSA target will not be retained for LUL. The 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.

Other objectives

2.12 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. In 2004-05 we therefore had additional objectives covering areas such as mobility and social inclusion, aviation and logistics, and the services delivered through the Department's agencies. These objectives were to:

■ provide for the development of sustainable airport and airspace capacity;

■ improve the sustainability of the logistics sector;

■ modernise services for drivers, vehicle users and the travelling public;

■ promote mobility and reduce social exclusion;

■ develop, monitor and enforce appropriate security and compliance regimes for transport; and

- improve regional strategies for transport, including their effectiveness and integration with economic and planning strategies, in support of the Government's wider regional objectives. As part of the Department's business planning round, the Department reviews its objectives for the start of each financial year.

Partnerships

2.13 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 the Strategic Rail Authority, 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.

2.14 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 plan under the joint PSA, and contributing to the delivery of the wider climate change and sustainability agendas;

- 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.

2.15 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. This underpins the Department's priorities over the next two years in consulting widely with stakeholders and partners.

How the Department is organised

2.16 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.

2.17 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 Operators (DVO) Group, as well as the directors general of the following key areas:

- the Railways Group;

- the Aviation, Logistics and Maritime Group;

- the Delivery and Security Group; and

- the Roads, Regional and Local Transport Group.

The role and work of these Groups are explained in more detail in the chapters throughout the rest of this report.

A list of Ministers and Board members is shown on page 286.

The role of executive agencies

2.18 Much of the Department's work is delivered through our six executive agencies. These are the HA; the Maritime and Coastguard Agency (MCA); and the four agencies which form the DVO Group - the Driving Standards Agency (DSA), the Driver and Vehicle Licensing Agency (DVLA), Vehicle Certification Agency (VCA) and the Vehicle and Operator Services Agency (VOSA).

2.19 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

2.20 The DVO Group, part of the Department for Transport, aims to promote *safe and secure drivers and vehicles* on our roads. It has four agencies (DSA, DVLA, VCA and VOSA) and a small Central 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 primarily based 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 sourced from customers in the form of fees and charges or from activities undertaken commercially.

2.21 The benefit of moving to trading fund status comes in two forms. The relative financial autonomy and freedom from parliamentary procedure enable 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.

2.22 The Group employs 11,900 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 central directorate

2.23 The DVO Group's central directorate consists of three teams that support the Director General and the Group as a whole, particularly in dealings with central 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 as a whole. The directorate has around 40 staff based in both London and Bristol.

The Driving Standards Agency (DSA)

2.24 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. Its priority during 2004-05 was to bring the car test waiting time back in line with the six-week national average target, by January 2005. Waiting times were down to six weeks by the beginning of February 2005 and the primary target will be to maintain these levels during 2005-06. The DSA is a Trading Fund with around 2,560 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)

2.25 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 2004-05 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 6,575 staff at sites in Swansea as well as in a network of 40 local offices throughout Great Britain.

The Vehicle Certification Agency (VCA)

2.26 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's primary focus has been on improving its range of services and to offer those services to more customers. It has succeeded in winning new business in Japan, Korea, Malaysia and the Middle East and it will continue to expand its global presence during 2005-06 in emerging areas such as 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 110 staff who are based at sites in Bristol, Nuneaton, Detroit (USA), Kelema Jaya (Malaysia) and Nagoya (Japan).

The Vehicle and Operator Services Agency (VOSA)

2.27 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 2004-05 has been on the development of an MOT computerised system which will significantly improve the administration of the MOT scheme and ensure more consistent testing standards. The roll-out of the scheme commenced in April 2005. VOSA employs around 2,570 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 Estimated outturn	2005-06 Plans	2006-07 Plans	2007-08 Plans
DVLA								
Expenditure (pay)	84	115	108	117	130	136	138	141
Expenditure (non-pay)	163	174	241	264	279	306	314	458
Income (excluding Vehicle Excise Duty)	241	280	312	341	566	588	593	-
Income from Vehicle Excise Duty	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	78	80	-
Expenditure (non-pay)	31[1]	38[1]	49[1]	58	50	80	68	-
Income	77[1]	91[1]	115[1]	136	138	147	155	-
DSA								
Expenditure (pay)	42	44	48	56	67	75	77	-
Expenditure (non-pay)	35	41	48	58	62	63	65	148
Income	80	88	101	113	128	140	144	150
VCA								
Expenditure (pay)	2.8	3.0	3.4	3.6	3.8	4.2	4.8	6.0
Expenditure (non-pay)2	3.1	3.7	4.2	4.1	3.9	4.4	4.4	10.6
Income	6.0	6.8	7.1	7.6	7.5	8.5	9.4	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 Highways Agency (HA)

2.28 The HA's role is to operate, manage, maintain and improve the strategic road network in England, on behalf of the Secretary of State for Transport. The HA aims to provide safe and reliable long distance journeys by managing the traffic using our roads as well as administering the network. The HA's aim is safe roads, reliable journeys and informed travellers.

2.29 The HA is responsible for the operation, management, maintenance and improvement of the strategic road network in England. It is also responsible for setting and maintaining road, safety and structural standards for England's strategic road network. This comprises over

7,472 kilometres of motorways and trunk roads and as at 31 March 2004 was valued at a net worth of some £68 billion. The network carries a third of all road traffic in England and two-thirds of all freight traffic, with over 170 billion vehicle kilometres of journeys undertaken each year. The network provides a vital service to commerce and industry and has a major impact on the lives of individuals and communities.

2.30 The HA also fulfils an international role by building good working relationships and sharing experience and expertise with other overseas road administrations. This helps promote the value of UK knowledge, expertise and best practice across the world to support UK industry.

2.31 In order to take a further step towards achieving its aim of safe roads, reliable journeys and informed travellers, the HA has taken over traffic management responsibilities from the police on parts of the network during 2004-05. This has freed up police time to focus on crime detection and prevention.

Figure 2b: Highways Agency spending 2000-01 to 2007-08*							£ million
	2000-01[1] Outturn	2001-02[2] Outturn	2002-03[2] Outturn	2003-04[3] Outturn	2004-05[3] Estimated outturn	2005-06[4] Plans	2006-07[4] Plans	2007-08[4] Plans
Maintenance	736	711	760	776	717	865	851	867
Making better use of the existing network including technology	197	202	229	129	155	191	163	171
Technology				100	144	136	217	159
Major improvements	318	451	535	365	322	424	787	706
Revenue support for private investment	171	201	199	149	165	186	205	215
Traffic Manager	–	–	–	8	74	109	96	98
Other programmes[5]	1,538	2,072	2,402	2,692	3,125	2,975	4,067	4,177
Administration (ACL)[6]	77	77	84	92	93	93	92	92
Total	3,037	3,714	4,209	4,311	4,795	4,981	6,478	6,485
Total adjusted for inflation	3,315	3,953	4,331	4,311	4,702	4,765	6,034	5,882

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

[1] 2000-01 figures are on a cash accounting basis and include funds for roads that transferred to the Greater London Authority as Transport for London for the first quarter, as the transfer did not take place until June 2000.

[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 expenditure (AME) interest adjustments).

[3] In 2003-04 and 2004-05 adjustments have been made to allow for routes that detrunked to local authorities up to 1 April 2005.

[4] Figures for 2005-06 exclude Highways Agency latest estimates of RAB costs, and are subject to review in the Supplementary Estimates. Figures for 2006-07 and 2007-08 are subject to revision.

[5] This includes cost of capital (AME) depreciation, write downs and provisions and excludes Consolidated fund extra receipts (Cfers).

[6] Figures are for resource expenditure and have been revised to exclude administration capital expenditure.

The Maritime and Coastguard Agency (MCA)

2.32 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

- the administration of the UK shipping register.

2.33 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.

2.34 The MCA has an enforcement function, and deals with an annual total of 100 or so breaches of Merchant Shipping Legislation. Another important aspect of the MCA's work is representing the UK at the International Maritime Organization (IMO) and the International Labour Organization (ILO), both of which are United Nations bodies, and also the European Union.

2.35 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, and well as the BBC Radio 4 Shipping Forecast.

2.36 The MCA is asking its customers on a more regular basis how happy they are with the service it provides and what improvements they would like to see. This will enable it to build on the improvements to customer service it has achieved in the last two years, which include increased turnaround times of seafarer documentation and some services being available on-line. For the 2005-06 business year the Agency has a target to increase customer satisfaction with seafarer documentation to 80 per cent.

Figure 2c: 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 Estimated outturn	2005-06 Plans	2006-07 Plans	2007-08 Plans
Safer lives[1]	46	45	54	55	56	61	63	65	66
Safer ships[2]	18	25	26	26	29	30	33	33	33
Cleaner seas[3]	14	11	11	14	14	14	15	15	15
Customer services[4]	9	7	10	12	12	12	10	10	10
Total[5]	87	88	101	107	111	117	121	123	124
Total adjusted for inflation	96	96	107	110	111	115	116	115	112

[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 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)

2.37 The Department sponsors four executive NDPBs. Figure 2d gives their staff numbers at 1 April 2004, and their gross departmental public support expenditure for 2004-05 and 2005-06.

The Strategic Rail Authority (SRA)

2.38 As well as providing overall strategic direction for Britain's railways, the SRA has responsibility for consumer protection, the development of rail freight and administering freight grants, and for steering forward investment projects aimed at opening up bottlenecks and expanding network capacity. It is directly responsible for letting and managing the passenger rail franchises. Under the Railways Act 2005, the SRA is to be wound up. Its strategic functions will pass to the Secretary of State for Transport and the devolved administrations will also acquire a role in awarding passenger rail franchises and funding rail.

British Transport Police Authority (BTPA)

2.39 The BTPA was established on 1 July 2004 under the Railways and Transport Safety Act 2003. It replaced the BTP Committee, which was appointed by the Strategic Rail Authority, and took over its responsibilities for overseeing the BTP.

2.40 The new Authority, which is classified as an NDPB of the Department, has a statutory duty to maintain an efficient and effective police force for the railways. 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 nonindustry members, are appointed directly by the Secretary of State. The Authority's Management Statement and Financial Memorandum are available on its website (see useful addresses later in this chapter).

Trinity House Lighthouse Service

2.41 Under Part VII, 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)

2.42 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 2d: Executive non-departmental public bodies — £ million

	Staff in post 1 April 2004	Estimated expenditure 2004-05	Estimated departmental support 2004-05	Planned gross expenditure 2005-06	Planned departmental support 2005-06
Strategic Rail Authority	446[1]	3,381	3,317	3,089	3,150
British Transport Police[2]	2,984	126	20[3]	157	5
General lighthouse Authorities[4]					
Northern Lighthouse Board	206[5]	21	Nil	23	Nil
Trinity House Lighthouse Service	422	34.4	Nil	34.2	Nil

[1] Includes 44 staff in wholly owned subsidiary, BRB (Residuary) Ltd. Excludes SRA non-executive board members, Rail Passengers' Council (66).

[2] The BTP Authority was established on 1 July 2004. The staffing figure given includes 2,280 police officers and 704 support. The planned departmental support figure for 2005-06 is the figure included in the main estimates, but it is expected to be increased.

[3] Includes initial working capital of £12.5 million.

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

[5] The staff figure does not include part-time attendants (102 in post on 1 April 2004). The staff figure includes paid commissioners (6 at 1 April 2004).

Other NDPBs

The Commission for Integrated Transport (CfIT)

2.43 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 amongst 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. 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)

2.44 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.

2.45 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

2.46 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 HGVs and of buses and coaches (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.

2.47 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. A small support unit is situated in the headquarters of the DfT. The costs of the Division are met through the fees that operators pay for their licences and for the registration of local bus services.

2.48 The overall aims of the Traffic Commissioners and the TAN Division 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

2.49 The Department also has a formal relationship with the larger trust ports, by virtue of appointment powers and the formal power to compel privatisation, still on the statute book in the Ports Act 1991. 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. The Secretary of State for Transport has powers to appoint some board members in seven 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.

Efficiency

2.50 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.

PSA efficiency target

2.51 The Department has a Spending Review 2002 (SR2002) PSA target to 'achieve annual efficiency improvements of 2.5 per cent'. This target is based on achieving efficiencies and savings relating to the Administration Cost Limit (ACL). The ACL for 2004-05 was £217 million, resulting in a PSA target of £5.4 million of efficiency gains.

2.52 A Formal Review conducted in January 2005 confirmed that the Department was on course to meet the PSA Efficiency Target for 2004-05. 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.

2.53 In 2005-06 progress towards achievement of the SR2002 PSA Efficiency Target will be monitored as part of the wider Efficiency Programme for the SR2004 period. The ACL for 2005-06 is

£242 million, resulting in a PSA target of £6.1 million of efficiency gains. Further details on the achievement of the target in 2004-05 and plans to meet the target in 2005-06 are set out in Appendix D.

Efficiency Review target

2.54 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 period (covering financial years 2005-06 through to 2007-08).

2.55 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 efficiency target

2.56 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.

2.57 This target will be measured against the Department's complete budget (ie programme and administration expenditure) over the SR2004 period and will therefore be even more challenging than the SR2002 PSA Efficiency Target, which was focused solely on administration costs. Spending on transport services by local authorities will also be covered by the target, ensuring transport efficiency is raised throughout the public sector.

2.58 The Department also plans by 2007-08 to:

- achieve a reduction of 200 posts in the central Department excluding agreed increases in certain front line activities like Transport Security;

- achieve a net reduction in posts in the DVLA of at least 500; and

- have relocated 60 or more posts out of London and the South East.

Departmental efficiency objectives

2.59 Although the target now covers both administration and programme spending, efficiencies will not be made by cutting back on the quality of service delivery. In addition to achieving the targets set out above and the objectives of the Efficiency Review, the Department has set two 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.

2.60 This will ensure the programme is focused on achieving genuine efficiency improvements rather than economy cutbacks, and will prepare the Department for a wider business transformation agenda. The Efficiency Programme Board will oversee a programme of work to ensure these objectives are addressed through the Efficiency Programme.

Plans and progress

2.61 The Department has identified a number of projects and programmes to deliver the required efficiency gains, and implementation plans have been put in place. The main programmes are summarised below, together with reports on early progress.

2.62 The Department's Efficiency Technical Note, which is published on the Department's website, sets out how each of the workstreams within the programme will validate the efficiency gains being made. For the majority of workstreams, this validation is expected to be carried out independently by either the National Audit Office or the Audit Commission.

The Driver Vehicle and Operator (DVO) Group

2.63 The DVO Group will increase the level of revenue collected by £75 million per annum by 2007-08 and will achieve another £70 million of efficiency and effectiveness gains per annum.

2.64 On 2 December 2004, the Department published national statistics on the evasion of VED in 2004. A roadside survey of vehicles showed that the proportion of revenue from VED lost to evasion fell from 4.8 per cent in the 2002-03 survey to 3.4 per cent in 2004-05. This is largely a direct consequence of the introduction of continuous registration by the DVLA. It means an estimated extra £77 million was collected for the Exchequer in 2004-05. Our aim is to improve on this performance in future in order to reduce the level of VED lost to evasion to 2.5 per cent by 2007-08.

2.65 The DVO Group also made early progress towards its efficiency and effectiveness target. Plans are in place to deliver the £70 million target by 2007-08. A review in January confirmed that the Group was on course to deliver 2004-05 savings of at least £31 million.

Roads Procurement

2.66 The HA is leading a project to improve roads procurement in local authorities, which will deliver annual efficiency gains of £190 million by 2007-08. The HA will also achieve efficiency improvements on its own expenditure on strategic roads.

2.67 The HA has been actively consulting with local authorities to develop collaborative opportunities, which will help achieve the planned efficiency gains. The HA has also already achieved significant efficiency gains as a result of its new procurement strategy.

Local authority transport spending

2.68 Transport for London's (TfL's) own efficiency plans will enable the delivery of annual efficiencies of at least £125 million by 2007-08. TfL's detailed efficiency proposals were published in its Business Plan on 27 October 2004. TfL is already part way through a three year efficiency programme, where the focus has been on support services integration and better procurement. In 2004-05, TfL expects to have delivered £107 million of cashable savings, including substantial gains from better procurement, a re-evaluation of methods to deliver communications infrastructure in LUL and initial savings from the implementation of shared services in finance and HR. Looking ahead, TfL expects to realise savings from operational areas of its business, such as improving LUL journey times.

2.69 Working with the ODPM and local authority organisations, the Department also plans by 2007-08 to secure a further £122 million of annual efficiency gains in local authorities' spend on transport services. Particular areas under study are bus tendering, concessionary fares, capital infrastructure projects and major schemes. In order to support delivery, the Department has recently established a Local Government Advisory Group on transport efficiency.

Departmental reform

2.70 The Department is seeking to embed a culture of efficiency management by creating a more responsive, leaner and better skilled centre. By 2007-08, £25 million of annual efficiency gains will be delivered through this change programme by improving financial management, flexible deployment, headcount reductions, staff relocations and by standardising, simplifying and sharing support service functions across the central Department and its executive agencies.

2.71 Most of the Department's executive agencies already operate outside London and the South East. The Department relocated a number of additional posts in 2004-05, including 25 Rail Accident

Investigation Branch posts which moved to Derby and 13 Payroll posts which moved to Hastings and Swansea and 10 VOSA posts which moved to Bristol and Swansea. A further 13 posts which handle Bus Service Operator Grants will also relocate to Hastings before the end of 2005. The Department will therefore have achieved its relocation plans ahead of target. Although Hastings is located in the South East, the Government recognises the possibility of some exceptions to the presumption against South East locations. The relocation of a number of Department posts to Hastings, a regeneration area, was agreed on that basis.

2.72 A Shared Services project has been established to improve the efficiency, effectiveness and integration of the Department's support services, including HR, finance and procurement. The project is currently undertaking a feasibility study of the proposed delivery model before work proceeds on procurement, implementation and integration.

Improving Financial Management

■ 2.73 During the first half of 2004-05 the Improving Financial Management (IFM) project delivered a number of incremental actions to improve financial management and control in the central Department. These included:

■ a better budgeting tool implemented in the SAP financial accounting system, including the roll-out of 'bottom up budgeting';

■ a new Stewardship Pack, setting out clearer roles and responsibilities and formal delegations;

■ the detailed requirements for Financial Accounting Services and a service level agreement with FASD (the Financial Accounting Services Division, the ODPM unit responsible for running the SAP system used by the centre of the Department, agreed and signed);

■ a new accountancy team put in place and the Department's Accounts for 2003-04 signed-off by the deadline of 31 October; and

■ a SAP manager appointed, to achieve more effective utilisation of SAP in the centre of the Department.

2.74 This was followed by two reviews of the finance function in the Department: the Financial Management Review (focus on the whole of the Department), carried out by HM Treasury, and the IFM review (focus on the centre of the Department), carried out by the Department to build on the improvements already made. The two reviews informed each other and there were many common themes to the findings.

2.75 In 2005-06 we will be taking forward a number of projects for delivering change and achieving further improvements under the IFM programme, these include:

■ a revised Corporate Governance Framework to be implemented in the centre of the Department;

■ improved financial information and reporting;

■ a new Investment Appraisal Framework;

■ arrangements for Rail Finance support in integrating the SRA into the Department;

■ preparing the Department for the Single Data System being introduced by HM Treasury;

■ improving the Purchase to Pay process in the centre of the Department;

■ developing the Group Finance Role within the Department; and

■ reorganisation of the line/central finance.

Developing the Department

2.76 Over the last 12 months, the Department continued to pursue its *developing the Department* internal change initiative. This brings together a number of initiatives with the aim of adapting structures, working methods and professional skills to help the Department better to deliver on its business objectives.

2.77 The programme will create a smaller, more highly skilled and flexible organisation. It is underpinned by continuous improvement in business planning and the management of finance and risk.

2.78 Following two successful pilot projects, a system of flexible deployment of staff is set to roll out from April 2005. Evaluation shows that the potential benefits are a better use of people's skills, a greater ability to manage fluctuating workloads and changing priorities, and more attractive and satisfying jobs. It also provides better management data to contribute to the improvements in business planning.

2.79 The Department is enhancing its professionalism both through bringing in talent to senior appointments and through realising the potential of existing staff.

2.80 Four 'talent pools' have been 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. The four pools complement the centrally run Government schemes such as the ones for fast streamers and senior staff with high potential.

2.81 To support programme and project management, the Department set up a network offering training and mentoring opportunities and practical help for new project managers from experienced and qualified staff. The network has grown to 163 members and 32 recruits passed the Introductory Certificate in Project Management in January.

2.82 These initiatives are in line with the emerging 'Professional Skills for Government' programme launched by the Cabinet Office in November 2004.

2.83 Two further projects are in hand. One is looking at performance management and reward. The other is scoping the potential efficiency gains in sharing HR, finance and procurement services across the central Department and agencies. It will report to the Board early in the 2005-06 financial year.

Valuing diversity

Diversity in Human Resources and Employment

2.84 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.

2.85 Over the past 12 months, the Department has introduced a range of employment measures to strengthen and take forward its equality and diversity policy, and to help bring in and bring on diverse talent. The Department:

published its HR Diversity Strategy and action plan to embed and mainstream diversity throughout the Department;

- has reviewed its recruitment strategy to attract a wider and more diverse pool of applicants and has continued to use the 'Positive About Disabled People' symbol on all its recruitment literature;

- is using assessment centres as a means to assess suitability for promotion, which has improved the success rate of underrepresented groups in securing promotion;

- ran 'Valuing Diversity' events on a monthly basis, which were open to other public sector organisations - they provided an opportunity for staff to learn new perspectives that can help in building good and positive working relationships with other staff and organisations they work with;

- ran for the second year its Green Light career development programme aimed at black and minority ethnic staff. Green Light is one of the Department's talent pools aimed at accelerating the development of talented staff; and

- set up a network of harassment contact officers to provide support and assistance to staff who may be experiencing bullying and /or harassment in the workplace.

2.86 The Department was ranked fourteenth in the list of 100 organisations and fourth out of the 11 government departments who took part in the *Stonewall* Corporate Equality Index showcasing the UK's top 100 employers for lesbian, gay and bisexual staff.

2.87 The Department was awarded the Bronze Race for Opportunity award for continuing to ensure that its core policies and practices promote race equality, and the Platinum award by Opportunity Now for its work on gender equality.

2.88 The Department continues to support organisations committed to improving diversity and acted as a main sponsor at the 10th British Diversity Awards and has also upgraded its membership with the Employers Forum on Disability to gold status.

Figure 2e: Performance against Cabinet Office PSA Diversity Targets

PSA improvements to be made	DfT position as at 31 March 2005 (percentage)	Cabinet Office April 2005 PSA targets (percentage)
Women in Senior Civil Service (SCS)	26.5	35.0
Ethnic minority staff in SCS	3.6	3.2
People with disabilities in SCS	1.2	3.0

Figure 2f: Diversity make-up of the Department for Transport staff (including Executive Agency) staff

Staff in post as at 31 March 2005	SCS staff	Non-SCS staff	Total staff
Total male staff	122	11,712	11,834
Total female staff	44	6,299	6,343
Total staff	166	18,011	18,177
Ethnicity of staff (percentage)			
White	88.8	77.8	77.9
Mixed ethnic background	0	0.7	0.7
Asian	2.4	2.0	2.0
Black	0.6	1.2	1.1
Chinese	0	0.4	0.4
Other	0.6	0.3	0.3
Ethnicity unknown	9.0	10.9	10.9
Non-participants	0.6	6.7	6.6
Disabled & part-time staff (percentage)			
Total disabled staff	1.2	5.2	5.2
Total part time staff	6.4	15.0	15.0
Age profile of staff (percentage)			
Under age 20	0	2.9	2.8
Aged 20-24	0	7.7	7.6
Aged 25-29	0	10.7	10.6
Aged 30-34	4.2	9.6	9.6
Aged 35-39	7.2	11.8	11.8
Aged 40-44	12.7	13.9	13.9
Aged 45-49	21.0	14.7	14.8
Aged 50-54	28.9	12.6	12.7
Aged 55-59	22.4	11.5	11.6
Aged 60 or over	3.6	4.6	4.6

Diversity in transport policy and service delivery

2.89 Fairness and equality of opportunity are central to the Department's approach to business and working relationships, and we are committed to creating an organisational culture which reflects and supports these values in meeting the particular transport needs of different sections of society.

2.90 In making policy and delivering services the Department has:

■ sponsored research on the transport needs of different minority ethnic and faith communities. The views of hundreds of users, operators, police and local authorities were canvassed to find examples of good practice and to develop new initiatives. These were launched at a major conference on 4 November 2003 alongside a guidance pack and video aimed at operators, transport planners and providers. A subsequent conference for operators and planners further encouraging good practice was held on 8 December 2004;

- using the results of the research on the transport needs of different minority ethnic and faith communities has ensured that Transport Direct places strong emphasis on usability by all sectors of society. Developing the interoperability and availability of smart cards also contributes to greater accessibility and enables personalisation of transport and transport information to suit individual's mobility and language preferences;

- reviewed the Department's Race Equality Scheme 2003-2005, which was published in March 2003 and detailed the action the Department will take to fulfil its responsibilities under the Race Relations (Amendment) Act 2000. A new Race Equality Scheme 2005-2008 will be published on 31 May 2005;

- established a Senior Level Race Equality Scheme Steering Group with the aim of guiding the development of the Race Equality Scheme. Membership includes the Permanent Secretary as the Department's Diversity Champion;

- produced and implemented a race equality impact assessment training programme, which continues to be used by staff in each of the central Department directorates and agencies to assess race relevance in their policy areas and priorities for action;

- developed a Children and Young People Action Plan, detailing how the Department will consult with children and young people and involve them in its business. The action plan was published in February 2005;

- conducted a wide ranging consultation exercise with young people (11 to 21 years) to identify their transport needs including establishing a young people's advisory group. The work of the young people's steering group has been widely used as a good practice example to operators and providers at conferences and seminars and has led to a review of best dissemination practice. A summary of the Department's finding is published on our website;

- in partnership with Defra the Countryside Agency and the UK Youth Parliament published Transport, Young People and Rural Areas a good practice guide in March 2004 highlighting how effective integrating public and local transport services can be;

- developed and held a series of 'valuing diversity' events on ethnicity, women, involving children and young people in policy making, older people, disability and human rights throughout 2004 to engage and inform policy makers and service delivery providers;

- assessed how well our current and future plans address the needs of different groups by working closely with all our stakeholders including traditionally 'hard to reach' groups and communities to enable us to feed their views directly into our policy development and service delivery; and

- initiated a staff volunteering scheme that brokers partnerships with local voluntary and community organisations. Staff annual special leave has been increased from one to three days. This enables individuals or teams from the Department to take on volunteering challenges. These actions enable the Department to lend its skills to the sector and increase staff awareness of the voluntary and community sector role and function.

Freedom of Information (FOI)

2.91 The FOI regime came fully into force on 1 January 2005, and the Department has been carrying forward an extensive programme of work to prepare for the new arrangements. The aim of the preparations has been to raise staff awareness and understanding of FOI and the principles behind it, and to equip them with the knowledge and tools to respond to requests in an effective, helpful and consistent way. The following briefly summarises the key benefits that the programme has delivered:

Training and support

2.92 Almost all staff have received FOI general awareness training, and further specialised training was provided to staff most likely to be involved in responding to FOI requests. For new staff or those who need a refresher course, an on-line desktop learning package is also in place.

2.93 Interactive on line guidance on the FOI regime and procedures is available to case handlers in all parts of the Department. This is designed to complement the Department for Constitutional Affairs (DCA) best practice guidance and gives those handling FOI cases detailed help from a DfT perspective. In addition to this, a central advisory helpdesk team offers expert advice to case handlers on all aspects of dealing with FOI requests. The team liaises with the DCA on Whitehall-wide issues.

2.94 To ensure experience is shared and consistency is maintained, a practitioner's network has been set up which is attended by FOI champions from across the Department. Members also have the role of disseminating advice in accordance with DCA best practice.

Improved processes

2.95 The Department's publication scheme is on its website and gives access to a wide range of information about DfT policies and decisions. The Department will be publishing more information on the web site over the coming months as part of its policy of increasing openness. The publication scheme will be reviewed.

2.96 Record keeping, and in particular the system for filing electronic records, has been thoroughly reviewed to ensure that existing policies are being implemented effectively. Staff have received regular communications about the importance of following the Department's record keeping policy, which is in line with guidelines from The National Archive (TNA).

2.97 Requests are tracked and monitored using a newly designed case tracking database, which is also used to report, as required, to the DCA.

Future work

2.98 The Department will be seeking over the coming year to build on these preparations and to further improve its ability to handle FOI requests effectively and on time, in keeping with the spirit of the legislation.

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 and Operator Services Agency
www.vosa.gov.uk

Vehicle Certification Agency
www.vca.gov.uk

Strategic Rail Authority
www.sra.gov.uk/

British Transport Police
www.btp.police.uk

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

Northern Lighthouse Board
www.nlb.org.uk/

Chapter 3 - Roads

3.1 The White Paper *The Future of Transport; a network for 2030*, published July 2004, set out the Government's goal of a road network that provides a more reliable and freer-flowing system for motorists, other road users and businesses, where travellers can make informed choices about how and when they travel, and so minimise the adverse impact of road traffic on the environment and other people. It described a strategy involving:

■ 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 10);

■ 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 developing new ways of paying for road use so they become practical options.

Figure 3a: Travel trends on the road: 1990-2002
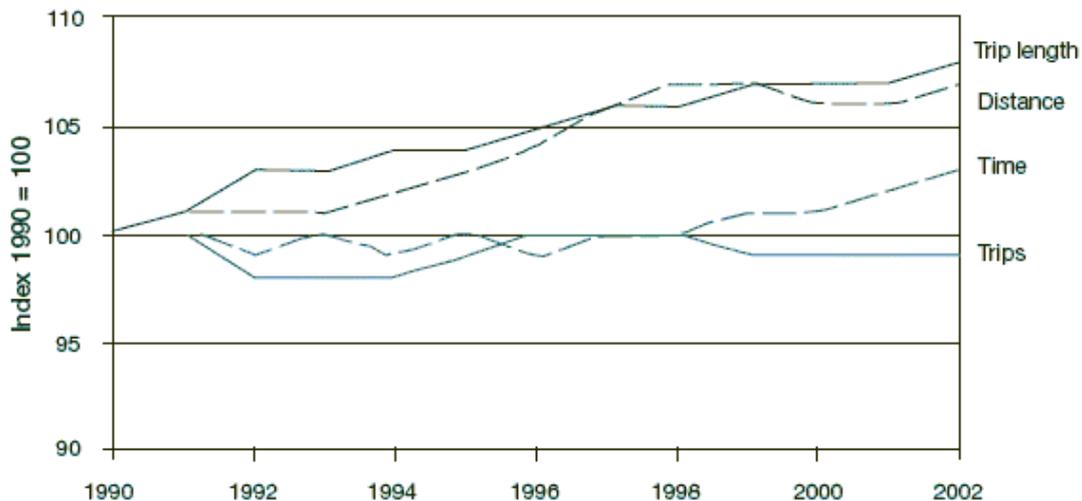
Source: National Travel Survey

Progress in delivering objectives

3.2 There are three Public Service Agreement (PSA) targets relating specifically to roads. The target on safety is dealt with in Chapter 10. The two targets on tackling congestion in urban areas and on strategic roads are covered in this chapter. Note that additional targets on air quality and greenhouse gases are dealt with in Chapter 9. A summary of the progress on all PSA targets is included in Appendix D.

3.3 In July 2004 the Government announced that it would publish a new PSA congestion target by July 2005. In the meantime the Government is committed to tackling congestion by implementing the strategy outlined in the White Paper. Developments over the past year are set out below.

Responsibility for delivery

3.4 The strategy and policy for the strategic road network of motorways and all-purpose trunk roads in England are set and established by the Secretary of State for Transport, advised by the DfT's Roads, Regional and Local Transport Group and the DfT Board.

3.5 Responsibility for operational management and maintenance of the strategic network rests with the Highways Agency (HA), an executive agency of the DfT. The Agency's Chief Executive is a member of the Department's Board and reports on the Agency's performance.

Figure 3b: The strategic road network as at 1 October 2004
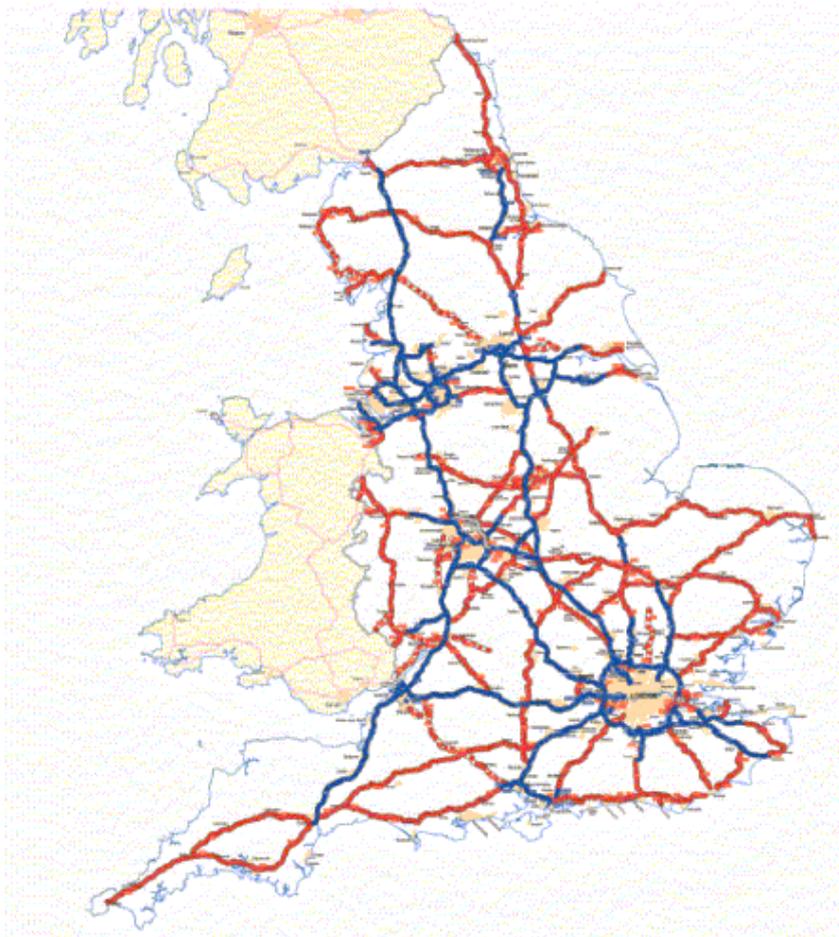
3.6 Policy affecting drivers and vehicles is the responsibility of the DfT's Driver and Vehicle Operator (DVO) Group. Information about these agencies can be found in Chapter 2.

3.7 An important priority has been 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.

3.8 Local roads are the responsibility of the local authority in which they are situated. Responsibility for London's roads falls to Transport for London (TfL) and the Mayor.

Capacity

3.9 During 2004-05 the HA completed seven major new schemes on the strategic road network, bringing to 28 the total of strategic road schemes completed since 2001. Thirteen major schemes are currently under construction, seven of which have commenced since April 2004. The Agency's plan to start construction on 36 new schemes by April 2008.

3.10 The HA announced in October 2002 a Priority Action Scheme programme of 92 possible sites for road improvement schemes, the majority costing under £5 million per scheme, with the objective to open all selected schemes to traffic by 2007-08. The Agency expects to address at least 90 per cent of these by April 2008.

3.11 Following the outcome of the 2004 Spending Review, the Government announced in December 2004 a total investment of £1.9 billion for the three-year period 2005-06 to 2007-08. This £1.9 billion allocation is an increase on the previous three years, compared to £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.

3.12 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.

3.13 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.

3.14 For local authorities, the Government announced in December 2004 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.

3.15 Under the Local Transport Plan (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.

3.16 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.

3.17 Since December 2000, the Department has provisionally approved 83 local authority major road schemes. Thirty-four of these schemes have been fully approved having completed their statutory procedures. Thirteen have been completed and opened to traffic with seven completed in the last 12 months. A further 19 schemes are currently under construction.

Roads procurement

3.18 Following the Gershon Efficiency Review of roads procurement, the Highways Agency will act as the change agent to work with local authorities to secure, through road procurement, over 50 per

cent of the Department's efficiency target. Agency procurement experts have held meetings with local authorities interested in finding efficiency gains. Recently the HA consulted local authorities, suppliers and other stakeholders in order to gauge the opportunities for collaboration. The results of this consultation will enable collaborative work to proceed on specific aspects of roads procurement.

Network management

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

The Traffic Management Act 2004 - new traffic management roles

3.20 The Traffic Management Act gained Royal Assent in July 2004. It seeks to tackle congestion and disruption through the effective management of activities on the road network. During 2004-05 the following elements of the Act came into force:

■ the appointment of traffic officers from October 2004 to deal with specific incidents which may hinder traffic flow on the strategic roads;

■ a new network management duty from January 2005 on all local traffic authorities to do all that is reasonably practicable to manage local road networks effectively and keep traffic moving. Among other provisions traffic authorities must appoint a Traffic Manager;

■ the power to designate certain London Borough roads as "strategic roads", and giving Transport for London new powers of co-ordination; And, after working group discussions and consultations have concluded, the Act will enable the following to be achieved:

■ the provision 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;

■ the ability for local authorities outside London to have more scope to take over enforcement of driving and parking offences from the police;

■ the intervention powers that allow the Secretary of State (or the National Assembly for Wales) to take action if an authority is failing in its traffic management duties.

Traffic officers on Highways Agency roads

3.21 The first traffic officers were launched on a pilot basis in the West Midlands in April 2004 to patrol the network, assist motorists and work closely with the police, to help keep traffic moving and ensure that roads operate safely. By May 2005 over 120 traffic officers had been appointed. They are patrolling the M5, M6, M40 and M42 motorways in the West Midlands area.

3.22 Traffic officers have been well received by road users in the West Midlands, with favourable reports in the local media. They have attended an average of 44 incidents per day since the service was launched, and in April 2005 alone dealt with an average of 85 roadside incidents per day. By this time more than 80 per cent of incidents in the West Midlands area were being detected by a combination of traffic officer and police patrols, compared with 70 per cent in May 2004.

3.23 Traffic officers began 2005 with special new powers, granted under the Traffic Management Act 2004, to stop and direct traffic and place traffic signs. This will enable traffic officers to help ease congestion and improve safety by being able to direct or divert traffic around incidents and by resolving potential problems - such as debris or stranded vehicles before they can cause congestion or a collision. The new powers also allow the police to spend more time tackling criminal activity on roads, helping both the police and traffic officers to provide safe and reliable journeys. Traffic officers will begin work on motorways and roads in other regions during 2005 and 2006.

Other traffic management initiatives on strategic roads

3.24 In December 2004 the Government announced that the first high occupancy vehicle (HOV) or car sharing lane for vehicles carrying two or more people is to be introduced at peak times between Junctions 7 and 10 of the M1, with work starting in winter 2005. It is estimated that during its times of operation, the car sharing lane should result in at least 5 per cent fewer cars on the road as people take advantage of the dedicated lane. Further investigations into introducing HOV lanes on the M61 and M62 are also to be carried out. The HA's first pilot HOV lane will be introduced on the M1 between Junctions 7 and 10 following its widening in 2008, and the Agency will also be considering the viability of a HOV lane on the planned widened sections of the M25, including the section between Junctions 12 and 15, currently under construction.

3.25 An Active Traffic Management pilot scheme is being introduced on a 17-kilometre stretch of the busy M42 east of Birmingham. Part of the scheme became operational in December 2004, ahead of schedule. It will use existing and new technology including comprehensive CCTV monitoring, the latest variable message signs capable of displaying text and images, variable speed limits and, in time, hard shoulder running under controlled conditions.

Maintenance on strategic roads

3.26 To assess maintenance needs more effectively the Highways Agency is now using a new, broader measurement index for road surface conditions that covers rutting, unevenness, cracking and skid resistance. The broader measurement index enables the HA 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 2004-05 - for the percentage of the network in good condition to be 94.3 per cent at the end of the year - has been achieved.

Roads in London

3.27 Transport for London (TfL) is responsible for 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.

3.28 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, which achieved Royal Assent on 22 July, provides new powers to enable TfL to play a stronger role in co-ordinating traffic management in London. In particular the Act enables the Secretary of State to establish a network of strategic roads over which TfL would have greater powers. These roads will remain the overall responsibility of the borough highway authorities, but TfL will be able to step in to prevent a highway scheme or works that would disrupt the rest of the network unduly. Following consultation, Ministers announced the network of roads that would be designated strategic in London in March. The strategic road network comes in to force in September 2005.

3.29 The total volume of traffic entering the central London congestion charging zone during charging hours is holding steady. TfL's Third Annual Monitoring Report, published in April 2005, states that the level in 2004 was identical to that in 2003 and continues to represent a reduction of 18 percent against pre-charging levels in 2002. Taking an average of all available post-charging congestion surveys, reductions to delays inside the charging zone during charging hours have dropped by 30 percent compared to pre-charging conditions in 2002. The Mayor undertook a stakeholder consultation on the westward extension of the charge early in 2005 and launched the full 10-week public consultation on Monday 9 May. The Mayor also announced on 1 April that the congestion charge will be increased from £5 to £8 on 4 July 2005.

Figure 3c: Traffic entering the London congestion charging zone during charging hours
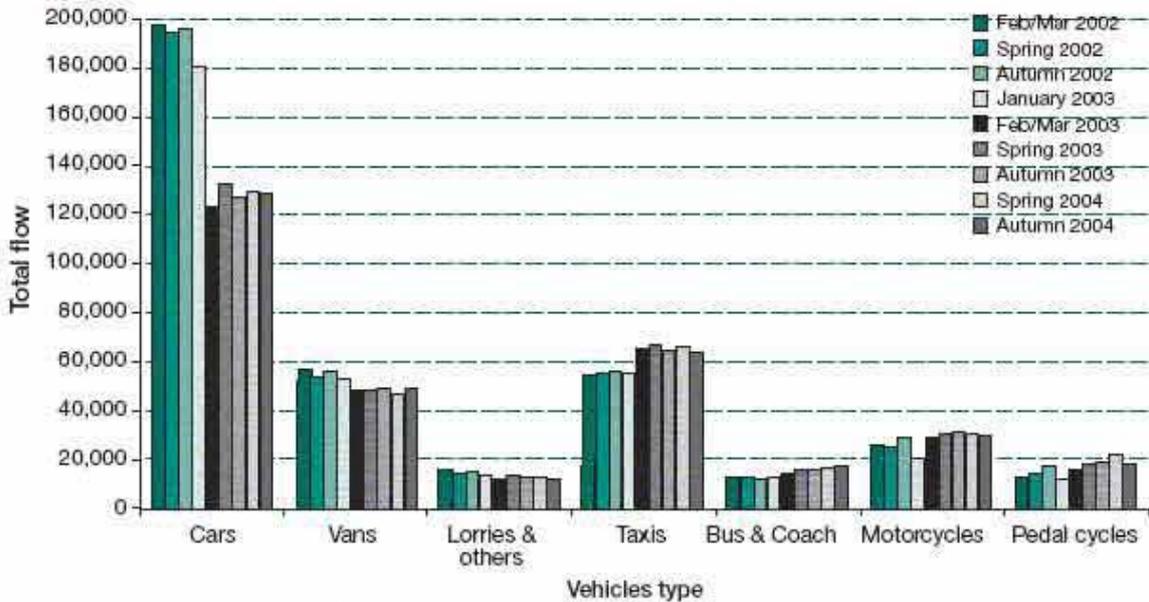
Source: Transport for London

3.30 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 2nd London Local Authorities and Transport for London Bill is now before Parliament awaiting its second reading in the House of Commons. The Bill contains more provisions aimed at improving road traffic in London.

Smarter choices

3.31 As most roads are not congested most of the time, there is considerable scope for improving people's journeys by providing better information, allowing them to choose to travel when traffic is less. Work is underway to find ways of influencing travel behaviour.

Better information for road users

3.32 The Government is introducing better information resources to keep road users informed about conditions on the road network and help them make choices about the route, time and mode for their journeys, to help reduce congestion and improve journey time reliability.

3.33 The Highways Agency's National Traffic Control Centre (NTCC) became operational in November 2003 and is central to providing real-time information about conditions on England's motorway and trunk road network. The NTCC 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. The 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.

3.34 Further data collection points are being added and existing ones are being reviewed, to build towards comprehensive coverage of the network. The NTCC then makes live information available to road users through the Highways Agency's website (http://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 *Transport Direct* website (www.transportdirect.info) - launched in December 2004 - contains journey-planning information for all modes of transport, as well as estimated journey times for road travel taking into account historical congestion levels.

3.35 The first of seven Regional Control Centres (RCCs) was launched in April 2004 in the West Midlands. All seven RCCs are expected to come on stream across England by the end of 2006, and will be responsible for the setting of variable message signs on motorways in their region.

3.36 The Government is developing a Roads Information Framework (RIF) jointly with local authorities for bringing together and managing various sources of data - including congestion data - for informing strategy, network management operations and providing better information to road users.

Better preparedness

3.37 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 2004-05 winter season have focussed on improving its winter service plans by increasing standardisation, better governance, and better management of the interface between the strategic road network and roads managed by other bodies, such as local authorities, and on the provision of mutual aid. At the same time the Agency has also improved the reporting system to supply up-todate 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.

3.38 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.

Influencing travel behaviour

3.39 The Government is developing a number of Influencing Travel Behaviour initiatives to help reduce congestion including:

- working with employers based close to congested routes to develop workplace travel plans;

- initiatives 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.

3.40 The report commissioned by the Government, *Smarter choices - changing the way we travel,* was published in July 2004 and concluded that such measures could reduce peak time traffic by up to 14 per cent for non-urban roads and up to 21 per cent for urban roads.

New ways for paying for road use

3.41 Another choice that can be made is whether to pay for road use. The M6 Toll motorway north of Birmingham opened in December 2003. This provides road users with a choice as to whether to pay for a particular journey, or continue to use the existing M6. A study published in July 2004[1] showed

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[1] M6 Toll – traffic monitoring study, at
http://www.highways.gov.uk/roads/projects/motorways/m6/m6_toll/m6_toll_background/index.htm

that the new road has helped to improve journey times - including for drivers on the existing M6 compared with the same section before the Toll road opened. In light of the M6 Toll's success, in July the Government consulted on a proposal for a tolled expressway between Junctions 11a and 19 of the existing M6, as an alternative to the widening of the existing M6 Motorway. This would both provide additional capacity and road users with a choice.

3.42 In July 2004 the Government received the results of a study into the feasibility of road pricing[2]. The report demonstrated that a national road pricing scheme would be possible in the next decade and that national road pricing could offer huge benefits in time savings and reliability - potentially £12 billion a year, as well as locking in the benefits of other measures, such as increased road capacity or better public transport. In The Future of Transport the Government welcomed the feasibility study, and undertook a number of commitments which would seek to build a public consensus around road pricing and help local authorities put in place a package of measures which include road pricing to tackle local congestion problems. In the Guidance on Local Transport Plans, published in December 2004, the Government asked authorities that might be interested in exploring innovative approaches to solving local congestion to submit a preliminary expression of interest by the end of January 2005. Expressions of interest were received from 81 of the 87 English local transport authorities - either on their own or in combination with neighbours. The Government is now working with authorities individually and in groups to develop the most promising schemes. Authorities that remain interested in taking forward local schemes have been asked to confirm their interest in their Provisional LTPs.

3.43 The Lorry Road User Charge (LRUC) scheme will ensure that all goods vehicles, including those from overseas, make a contribution towards the costs of road wear. The Government has made a commitment that the charge will be tax neutral for the UK haulage industry overall. The charge is planned to take effect from 2007-08 following trials during 2006. HM Revenue and Customs has the lead for implementing this lorry scheme.

Measuring progress

3.44 New PSA targets for congestion will be published in July 2005, for congestion on urban and strategic roads. The new targets being developed will be more relevant to drivers in terms of the roads they use, the journeys they experience, and what they find meaningful. Congestion information will be available for individual strategic roads, rather than for the network as a whole. Measures that are currently being developed include journey time reliability and time spent below a threshold speed. As with other PSA targets the Department will report on progress in its annual Autumn Performance Report as well as on its website. A communications plan will ensure that the targets are effectively cascaded through the HA and embedded within the HA's management structures and processes.

3.45 The *Guidance on Local Transport Plans* asks local authorities to set congestion targets as one strand of monitoring to see how well they are meeting the new network management duty. A basket of indicators has been devised in collaboration with local authorities, consisting of average vehicle delay, average person delay, and reliability. The ten largest urban areas will set provisional targets during 2005. The Government has acquired new sources of data and is providing these to local authorities to allow them to monitor and develop local policies to tackle congestion.

3.46 Further improvements to congestion data are in the pipeline, improving our understanding of the causes of congestion and allowing us to improve the management of traffic, thereby improving the experience of road users.

3.47 The Government continues to examine data from surveys on the views and experiences of road users, as these are an important component in informing policy and the delivery of services. Results from the latest user satisfaction survey looking at motorways and the strategic road network, run annually by the HA, will be published later in 2005. Some early data, showing that road users are

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[2] The Feasibility Study of Road Pricing in the UK: A Report to the Secretary of State

more satisfied with the HA's provision of specific services on motorways than on major trunk roads,are set out in Figure 3d.

Figure 3d: Mean quality scores for individual service aspects – motorways and trunk roads, 2003-04

Service provided by the Highways Agency	Mean quality scores (out of 100)[1]	
Maintenance of traffic signs	Motorways	86.7
	Trunk roads	83.4
Accuracy of variable message signs	Motorways	76.7
	Trunk roads	63.7
Availability of variable message signs	Motorways	84.4
	Trunk roads	72.1
Positioning of variable message signs	Motorways	86.9
	Trunk roads	83.4
Clear and understandable direction signs	Motorways	86.3
	Trunk roads	84.9
Sign availability	Motorways	89.3
	Trunk roads	85.8
Availability of emergency phones	Motorways	87.5

[1] The given mean quality scores (out of a maximum of 100) are derived from responses to a continuous survey and indicate respondents' perceptions of how well the HA's performance matches their expectations for that service aspect.

Chapter 4 - Rail

4.1 The railways are a vital part of the country's transport infrastructure, carrying a large proportion of travellers and freight on many of the country's busiest routes. As the economy grows and there is increasing demand for travel, the railways will play an important role in meeting this demand.

4.2 The rail industry is making progress in increasing the number of passengers carried, as well as its share of the freight market, and in improving its customer focus and its levels of performance and safety. The Government wants to see this continue and accelerate.

Progress in delivering objectives

4.3 The Public Service Agreement (PSA) target for railways is to improve punctuality and reliability of rail to at least 85 per cent by 2006, with further improvements by 2008.

4.4 Performance continues to improve, with increases in punctuality and reliability in all sectors, especially long distance. The Moving Annual Average (MAA) of the Public Performance Measure (PPM) at December 2004 was 82.8 per cent, up 2.3 percentage points on the previous year.

4.5 Passenger satisfaction ratings are at their highest since 2000. The Strategic Rail Authority's (SRA's) National Passenger Survey showed that over 76 per cent of passengers were satisfied with their journey in autumn 2004.

4.6 Over 1,300 new vehicles came into service during 2004, at a cost of over £1 billion, as part of the biggest rolling stock replacement programme ever seen in this country. This takes the total number of new vehicles to have entered service since 1999 to over 2,000.

4.7 Network Rail estimates that it delivered £420 million of efficiency savings during 2004-05, the first steps towards achieving the 31 per cent efficiency target by 2008-09 set by the Office of Rail Regulation (ORR). The company also reduced the delays it causes to trains to

11.5 million minutes which is a 16 per cent reduction on the previous year and significantly better than its target of 12.3 million minutes.

Rail review

4.8 In January 2004, the Secretary of State announced a fundamental review of the rail industry. The review considered the structural and organisational changes needed to enable the rail industry to deliver for its customers, as well as looking at the regulation of safety and the progress being made by the industry in improving performance and controlling costs.

Rail White Paper

4.9 The conclusions of the Rail Review were published in July 2004 in the Government's White Paper, *The Future of Rail*. It outlines a new blueprint for the railways, which the Government has worked closely with the industry to develop. It is built on the principle of public and private partnership, and it recognises rail's status as a public service, specified by the Government and delivered by the private sector.

4.10 The key priorities for the rail industry are to control its costs and to live within the level of public funding available to it, and to improve its performance. Both are vital if the railway is to prosper and grow. The restructuring outlined in the White Paper is an important step towards achieving these goals.

4.11 The new structure will be based on six key changes:

- The Government will be responsible for determining the level of public expenditure on the railway, and for specifying the high level outputs, such as capacity, performance and safety, which the railway should deliver. The SRA will be wound up. The Office of Rail Regulation (ORR) will continue to protect the rights of investors and customers and ensure the Government pays the proper price for what it is buying.

- Network Rail's role as operator of the network will be strengthened, with overall responsibility for ensuring that the network delivers a reliable service. Network Rail will lead industry planning, set timetables and direct service recovery.

- The new structure will deliver more efficient working between Network Rail and the train companies. Roles and responsibilities will be clarified through new local agreements, and incentives aligned. The number of franchises will be reduced and aligned more closely with Network Rail's regional structure.

- Devolved administrations will take increased responsibility for passenger services and, where appropriate, infrastructure. The Passenger Transport Authorities in England will be able to buy additional services, and to transfer funding between rail and other transport modes. Transport for London (TfL) will have an increased role on rail services in the capital. The Government will also promote the role of Community Rail Partnerships in improving the management of local branch lines.

- Responsibility for safety regulation will pass from the Health and Safety Commission (HSC) and Health and Safety Executive (HSE) to ORR, and will remain independent of Government and the industry. This will bring regulation of safety, reliability and efficiency together under a single public regulator.

- Freight operators will be given greater certainty about their rights on the national network. See Chapter 8 for more on freight.

4.12 The Government will implement these changes as quickly as possible, working in partnership with the industry. A comprehensive implementation programme has been developed with the rail industry.

Railways Bill

4.13 Some of the White Paper changes require legislation. In November 2004, the Government introduced a Railways Bill to provide the necessary powers. These include the winding up of the SRA, the transfer of safety regulation from the HSC and the HSE to ORR, giving the devolved administrations a greater role in relation to rail, and the establishment of the Rail Passengers Council as a single GB wide-body providing a strong independent voice to represent passenger interests.

4.14 The Bill received Royal Assent on 7 April 2005. Commencement of the provisions in the Act will begin in June 2005 and will progress in a phased way, in line with the overall implementation of White Paper, throughout 2005 and into 2006.

Rail performance

Punctuality and reliability

4.15 Punctuality and reliability continue to improve steadily. The moving annual average of the PPM at December 2004 was 82.8 per cent, up 2.3 percentage points on the previous year. Performance has improved in all sectors compared to last year. In the long distance sector PPM was 78.9 per cent at the end of December 2004, an increase of 7.2 percentage points. In the regional sector PPM was 82.7 per cent, up 0.2 percentage points and in the London and South East sector PPM stood at 83.2 per cent, up 3.6 percentage points. Figure 4a shows the position in more detail.

Figure 4a: Public Performance Measure (PPM) moving annual average percentage of trains arriving on time, April 1998 to December 2004
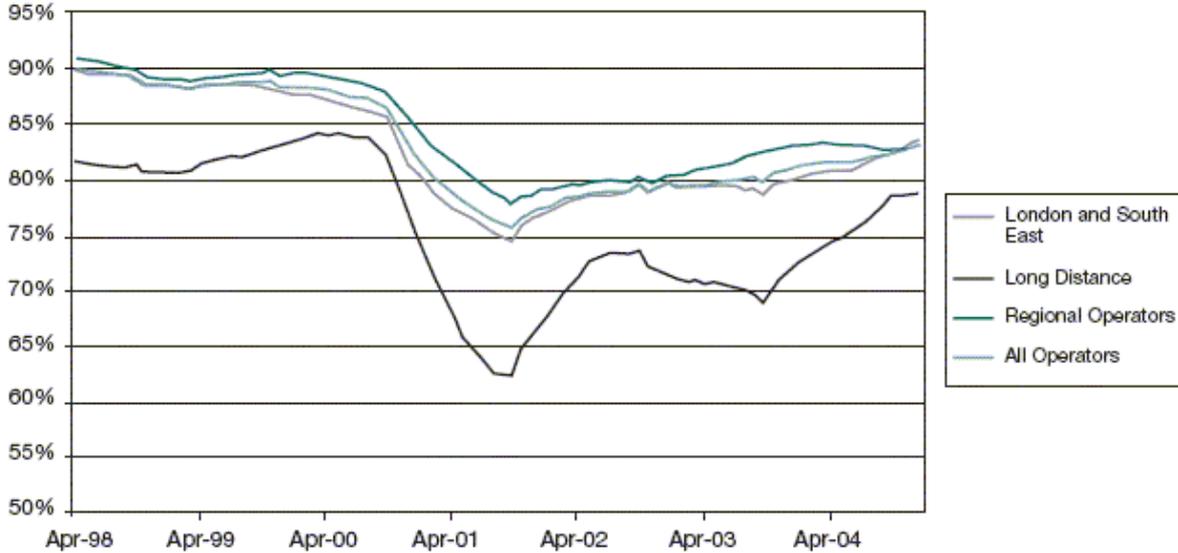
4.16 Both Network Rail and the train operating companies (TOCs) have focused efforts on reducing the major causes of delay through targeted performance improvement plans. Detailed cross-industry co-operation and planning through a programme of specific industry conferences has led to improved preparations for the operation of services during the autumn and winter months. This has resulted, for example, in the best autumn performance in 2004 since autumn 1999.

4.17 Through better joint working, the industry has co-ordinated its programme of improvements. An example of this is the introduction and roll out during 2004 of the programme of Integrated Control Centres. Six control centres are now in place with train operators and Network Rail working to ensure the effective daily operation of services and to recover services quickly following disruptions.

4.18 As set out in the Rail White Paper, Network Rail was established as the single point of responsibility for industry performance on 4 April 2005, taking on this role from the SRA. Network Rail will track, report and challenge industry efforts to improve performance and will, in partnership with the train companies, put in place joint performance improvement plans bringing together the previously separate arrangements, and securing the benefits of closer joint working.

Passenger use

4.19 At the end of 2004, passenger kilometres travelled were 9.2 per cent above the level at the start of the 10 Year Plan and were 29.9 per cent higher than in April 1997. In 2004, 41.7 billion passenger kilometres were travelled by rail in comparison with 40.4 billion in the previous year. In terms of distance travelled, people are using the railways more than at any other time since 1946. Figure 4b shows recent passenger use of railways.

Figure 4b: Passenger kilometres (billions) rolling annual total from April 1997 to December 2004
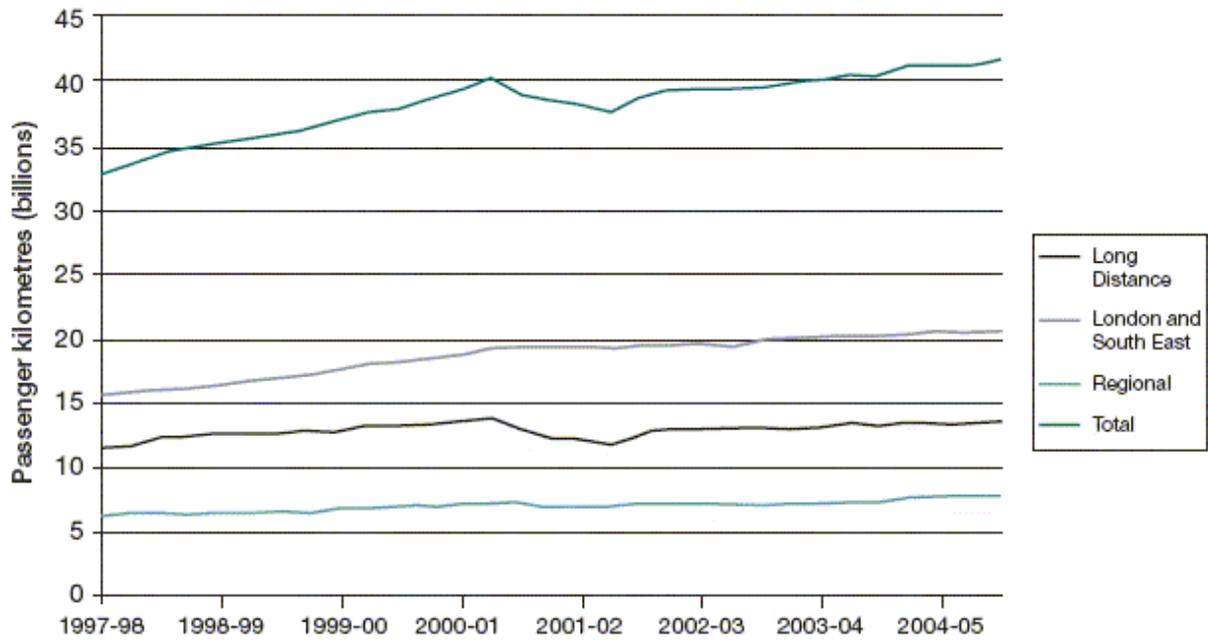
Franchising

4.20 The SRA has progressively implemented a new passenger-focused approach to franchising, ensuring better performance and quality of service. The Greater Anglia franchise began operations under the new-style franchise agreement in April 2004 followed by the Northern franchise in December 2004. The franchise agreement is currently being revised to implement the White Paper commitments in relation to passenger franchise contracts. These changes will ensure that the operator provides a quality service for its passengers. The new franchise agreement will be used for the Greater Western and Thameslink/Great Northern franchise competitions. Changes have already been made to the bidding process to ensure that only bidders with a strong track record in customer delivery and financial management will be in franchise competitions.

4.21 In October 2004 the decision to reduce the number of franchises from 25 to 19 in the first instance was announced. This will enable franchises to be aligned more closely with Network Rail's regional structure to improve joint working between Network Rail and the train operators. In December 2004, expressions of interest were invited for the first two of the new franchises, the Greater Western franchise

Figure 4c: Passenger satisfaction

	Percentage satisfied		
	Autumn 2004	**Spring 2004**	**Autumn 2003**
General opinion of journey	76	73	73
Punctuality/reliability	71	70	65
Frequency of trains	73	72	72
Value for money	44	42	43
Train information	74	74	73

Investment and capacity enhancement

Rolling stock

4.24 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 2004 it had reduced to 15.98 years. This reflects in particular the almost complete replacement of older trains on the Cross Country and West Coast routes and further progress towards the elimination of slam door (Mark 1) carriages on lines south of the Thames.

4.25 The Mark 1 replacement project remains on course for completion by mid-2005. Of the 2,000 replacement vehicles ordered, 1,500 had entered passenger service by the end of 2004. Another significant milestone was passed at the same time when the 1000th Mark 1 carriage was withdrawn leaving fewer than 750 in passenger service. Closely related to Mark 1 replacement is the £600 million project to upgrade the power supply across the affected routes. The work remains on target for completion in mid-2005.

4.26 In order to further improve the service provided to disabled people, 3,800 new accessible rail vehicles have been introduced over the last two and a half years, with a further 700 expected over the next 18 months.

4.27 The Department has also begun work with the SRA to develop plans for the replacement of the current High Speed Train (HST) fleet, used for long-distance services on the Great Western, East Coast and Midland main lines. This fleet is currently due to reach life expiry from 2009. The developing plans will include refurbishment and life extension of the current fleet, with a new standardised model introduced onto the network from 2012. A specification for the HST replacement fleet will be issued later this year.

Capacity utilisation

4.28 Following on from the national Network Utilisation Strategy (June 2003), Route Utilisation Strategies (RUSs) detail how best to make use of the existing capacity of the most congested parts of the network. The SRA published the RUS on the Midland Main Line in April 2004 and expects to complete further RUSs by the end of 2005. The responsibility for RUSs has passed to Network Rail, who will work to carry forward the RUS programme. Network Rail has initiated RUSs in respect of South West Main Line and Cross London routes, as well as a national freight study. The Department works closely with Network Rail through a programme steering group and stakeholder groups for individual RUSs. It will also advise Network Rail in respect of its specific requirements for individual RUSs.

4.29 Regional Planning Assessments (RPA), which will form an input to the RUSs, will be prepared by the Department for Transport. RPAs allow local authorities to feed in their land use plans and their transport plans. This allows the Department for Transport and Network Rail better to better plan the development of services over the long term. It also allows local authorities to see where rail will best help them to achieve their development objectives.

West coast route modernisation

4.30 The West Coast Main Line is the most important and busiest trunk route on Britain's rail network. Work to upgrade it to a top speed of 125 mph and to enable tilting trains to run is underway, delivering much faster journey times between London and the West Midlands, Manchester, Liverpool, the North West, North Wales and Scotland. There will be capacity for 80 per cent more long distance passenger trains and for 60-70 per cent more freight traffic. The full project is due to be substantially completed by 2008.

4.31 Tilting trains have entered service and a new timetable was introduced in September 2004 with enhanced service frequencies and reduced journey times. Operating the new timetable required almost the complete renewal of 160 route miles between London and Crewe and a successful introduction to service of the new Pendolino trains. Moreover, the use of tilting trains was new to Britain's railway

network. Their use makes greater demands of track and train control systems if the higher performance and improved line speeds are to be achieved. In particular, the track alignments had to be precisely positioned to provide for tilting train operation and to function with greater stability than is required elsewhere on the network. And the new trains have to interface with the both old and new signalling equipment in use on the West Coast Main Line.

4.32 There have been teething problems with both the new trains and the renewed infrastructure. This resulted in unacceptably low performance and reliability figures towards the end of 2004. The industry collectively has been working hard to remedy these problems and has action plans in place to do so. By spring 2005 these were bearing fruit and performance was improving, although further work remains to be done.

Channel Tunnel Rail Link

4.33 Section One of the Channel Tunnel Rail Link (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. Construction of Section Two from North Kent to St Pancras is now more than 80 per cent complete, and it is expected to open in 2007, reducing the journey time by a further 15-20 minutes. The Midland Main Line interim station at St Pancras was opened on time in April 2004.

Crossrail

4.34 The Crossrail scheme comprises a high-frequency train service that would run through a new east-west tunnel across the centre of London between Liverpool Street and Paddington, relieving pressure on other rail and underground links. Eastern branches would serve stations to Shenfield via Stratford and Romford, and Abbey Wood via Canary Wharf. Both branches would support the regeneration and growth of the Thames Gateway. In the west, Crossrail would serve stations to Maidenhead via Ealing and Slough, with a branch to Heathrow Airport.

4.35 The current Crossrail scheme has been in development since 2001 by Cross London Rail Links Ltd (CLRL). CLRL was originally formed as a joint venture company between the SRA and TfL, but in 2004 the SRA's shareholding was transferred to the Secretary of State. CLRL presented its Crossrail Business Case in July 2003. The findings of an expert review, commissioned by the Secretary of State and led by Adrian Montague, were published in July 2004. In summary, the review concluded that CLRL's proposals would appear to meet the Government's transport, regeneration and economic objectives, and would deliver acceptable value for money - subject to further progress being made on a number of outstanding design, technical, finance and procurement issues.

4.36 In response to the publication of Adrian Montague's expert review, the Secretary of State announced on 20 July 2004 that he would invite Parliament to consider a Hybrid Bill, which would secure the powers needed to implement the scheme. The Government introduced a Bill into Parliament on 22 February 2005.

4.37 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. We will bring forward proposals during the passage of the Bill.

Freight enhancements

4.38 Several freight-related projects were completed in 2004. The largest of these, the upgrade of the key rail freight corridor between Felixstowe and Nuneaton via London, was opened in October 2004, marking the completion of an 18 month project. Completed early and under budget (at a cost of under £30 million instead of a projected £40 million), the upgrade allows freight trains to transport 9'6" high containers out of a major container port on standard wagons for the first time, and is a crucial step in enabling freight operators to meet a growing international demand for 9'6" rather than 8'6" containers.

Thameslink

4.39 The Thameslink Route Modernisation (Thameslink 2000) represents a significant opportunity to increase passenger carrying capability on the north-south axis through London. 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, Network Rail submitted revised applications to remedy these deficiencies and a reopened Transport and Works Act (TWA) Inquiry is planned for later this year.

4.40 The SRA has produced a Business Case assessment that evaluates the benefits and costs of the Thameslink Route Modernisation in accordance with Government methodologies. This Business Case assessment meets Government criteria for such schemes.

4.41 Subject to the outcome of the proposed TWA Inquiry, the Government will consider the case for investment in the Thameslink Route Modernisation as part of its overall spending plans. In doing so, it will consider the scope for project financing by contractors, developers and Network Rail. Such financing could affect both the timing and amount of any call on the Government's resources.

Future capacity

4.42 Following the implementation of the Rail White Paper, the SRA's strategic role will pass to the Department. In future, the Government will specify the very largest projects, such as the construction or upgrade of major lines, and will determine the overall approach and by whom they are to be delivered. The Government will need to consider a range of options for the long term development of the rail network. Affordability and value for money will be key considerations.

Responsibility for delivery

The Strategic Rail Authority

4.43 The Rail White Paper concluded that the SRA was not well placed either to be accountable for the rail industry or to give it effective leadership. The SRA has achieved a great deal within the constraints of the present organisation and structure of the industry and is not being abolished because of shortcomings in its performance.

4.44 The Railways Act provides the necessary legislation to transfer the SRA's statutory functions to successor organisations and to close it down. The SRA's strategic functions will pass to the Secretary of State for Transport and the Scottish Ministers. The Secretary of State and the devolved administrations will also take over the SRA's role in awarding passenger rail franchises. Consumer protection responsibilities will transfer to ORR.

4.45 The SRA has continued its effective oversight of the West Coast Route Modernisation and of the electricity supply upgrade for rail services south of the Thames. It has continued the process of reforming the franchising regime and is working with ORR to promote better use of the network through its Route Utilisation Strategies. It has also taken significant steps forward in how it involves local and regional stakeholders in drawing up Regional Planning Assessments, which inform plans for the strategic development of the railways network. It has continued to work hard behind the scenes to promote joint working between the different parts of the industry and to drive up performance. The Government and other successor organisations will build on this work.

4.46 Figure 4d sets out railways expenditure for an eight-year period and shows how the Government is honouring its commitment to sustained investment to rail.

Figure 4d: Railways expenditure 1999-2000 to 2007-08[3] - £ million

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	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Estimated outturn	2005-06 Plans	2006-07 Plans	2007-08 Plans

Strategic Rail Authority (SRA)									
Passenger [4]	0	176	952	1,175	815	1,147	1,066	1,501	1,353
Freight [5]	0	8	57	49	32	26	-	-	-
Other [6]	0	29	689	1,109	2,491	2,275	1,971	2,996	2,929
Total	**0**	**213**	**1,698**	**2,333**	**3,338**	**3,448**	**3,037**	**4,497**	**4,282**
Non-SRA domestic									
Passenger[7]	1,256	891	11	0	4	60	64	68	69
Freight [8]	21	27	0	0	0	0	0	0	0
Other [9]	110	136	66	54	33	62	47	38	36
Total	**1,387**	**1,054**	**77**	**54**	**37**	**122**	**111**	**106**	**105**
Non-SRA international									
Passenger[10]	4	23	342	1,362	1,295	307	559	313	160
Freight [11]	35	7	10	10	10	10	10	10	10
Other [12]	7	5	7	9	8	7	10	10	10
Total	**46**	**35**	**359**	**1,381**	**1,313**	**324**	**579**	**333**	**180**

[4] Figures include funding of the Scottish franchise. On 1 April 2001, the Scottish Executive took over the Department's responsibility for providing grant to the SRA to fund that franchise.

[5] Rail freight grants will be administered through the Logistics Division from 2005-06. See Chapter 8 for more details.

[6] Figures include network grants paid to fund Railtrack/Network Rail operations, maintenance and renewals investment. Such investment benefits both passengers and freight, but the grants to fund it have not been split between passengers and freight.

[7] Figures show Office of Passenger Rail Franchising (OPRAF) support for Great Britain passenger services, including performance regimes and Rail Passenger Partnership expenditure up to 31 January 2001; Metropolitan Railway Passenger Services grant up to 31 March 2001; and DoA Limited expenditure up to 30 September 2001. These are funded by the SRA grant after those dates. Figures show Merseyrail passenger services from 20 July 2003.

[8] Figures show the rail freight grant paid up to 31 January 2001. This is funded by the SRA grant after that date.

[9] Figures show OPRAF administration expenditure and the external financing requirements for residual British Rail activities (except payments in respect of commitments made in relation to the sale of Railfreight Distribution – see footnote 8) up to 31 January 2001 (funded by the SRA grant after that date); and expenditure on railway industry pensions, National Freight Company (NFC) pensions, NFC travel concessions, rail research and consultancies and Railtrack-in-Administration, net of deferred rolling stock leasing company (ROSCO) payments. Figures show BTPA grant from 1 July 2004.

[10] Figures show expenditure on the Channel Tunnel Rail Link (CTRL), except for that on freight and consultancies. The figures include a non cash adjustment for the CTRL de-risking provision and the associated non cash release of the provision to offset the cash payments.

[11] Figures for 1999-00 and 2000-01 show payments made by British Rail in respect of commitments made in relation to the sale of Railfreight Distribution up to 31 January 2001 (funded by the SRA grant after that date); figures for 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 show expenditure on CTRL freight.

[12] Figures show expenditure on CTRL consultancies.

Total	1,433	1,302	2,134	3,768	4,688	3,894	3,727	4,936	4,567
Total adjusted for inflation	*1,582*	*1,421*	*2,271*	*3,877*	*4,688*	*3,818*	*3,565*	*4,598*	*4,142*

Network Rail

4.47 The Railways Act makes it clear that it is for Government to articulate its railway strategy and the funding which will be available for the railway. But it remains for ORR to determine, on the basis of this, what outputs it is reasonable for Network Rail to deliver and what funding the company needs to do so.

4.48 Network Rail is a company limited by guarantee, owned by and accountable to its members, who are representatives of passengers and others, such as the train companies, involved in delivering rail services. Network Rail is also accountable to ORR under its licence, which is being reinforced to reflect Network Rail's enhanced role. ORR has also developed a monitoring report, published in March 2005, so Network Rail can show publicly progress on key aspects of its performance. The Department is in the process of establishing a regular reporting arrangement with Network Rail, so that the Department can share in information on the company's progress.

4.49 Network Rail's latest forecast for operations, maintenance and renewals expenditure in 2004-05 is £5.1 billion. This represents an underspend on previous forecasts for this year, partly due to greater than expected efficiencies as well as the deferral of some renewals projects. Network Rail's forecasts for expenditure until 2008-09, as set out in their 2005 Business Plan, are however broadly consistent with the final conclusions from the Access Charge Review 2003, which set Network Rail's total expenditure allowances and output targets for the 5 years from 1 April 2004 to 31 March 2009.

4.50 Network Rail estimates that it delivered £420 million of efficiency savings in 2004-05 by bringing maintenance work in-house as well as improving the way the company manages its renewals and operations activities. Network Rail is on track to achieve the 31 per cent efficiency target by 2008-09 set by the Access Change Review in 2003.

4.51 In October 2004, Network Rail launched its Debt Issuance Programme (DIP) which is intended to provide for its financing requirements until 2052. The DIP is supported by a Financial Indemnity provided by the SRA. This ensures that Network Rail has access to the lowest possible financing costs for a private sector company. By March 2009, finance raised through the DIP and supported by the Financial Indemnity is expected to reach £20.3 billion. Over time, this will replace the support for Network Rail's short to medium term borrowing in the initial £21 billion SRA support package first established when Network Rail was set up in 2002.

4.52 During 2004 Network Rail introduced its integrated programme of restructuring aimed at improving performance, reliability and cost control. Its new organisational structure to promote greater co-operation with train operators was launched in May 2004 and in July 2004 the company completed its programme to bring infrastructure maintenance in-house.

4.53 During the year ended March 2004, Network Rail reduced infrastructure delays on the network by one million minutes. The company is on target to achieve a greater reduction during 2004-05, bringing delays to their lowest level for more than four years.

4.54 In November 2004 the ORR published its first annual statement assessing the performance of Network Rail as the steward of the rail network in 2003-04. Its principal message is that Network Rail has started to get control of the management of the network infrastructure and to address the decline highlighted by the Hatfield accident, but there is still more to be done.

The Office of Rail Regulation (ORR)

4.55 ORR is an independent non-ministerial government department responsible for the regulation of the railways in Great Britain. It took over from the former Rail Regulator in July 2004, bringing the regulation of the railways in line with other regulated industries by replacing the individual Regulator with a statutory Board.

4.56 Over the course of the year, the Rail Regulator and ORR, have continued to carry out their key functions, as well as pushing ahead with a programme of measures designed to help create the long-term stability that the network needs.

4.57 In June, the Regulator published his final conclusions on the Stations Code, providing for more streamlined access arrangements which will encourage the better management of stations.

4.58 In July 2004, the Regulator published his conclusions on the first phase of reform to the Network Code. This included a range of measures designed to improve transparency and information flows between Network Rail and its train operator customers, and to deal more effectively with operational disruption. The second phase of reform to consider the economic relationship between infrastructure provider and infrastructure user and the structure and breadth of the code is now underway.

4.59 In November, ORR published its initial consultation documents on the structure of costs and charges review and on the review of the performance regime. The former will lead to the development of an infrastructure cost model to assess the impact changes in service patterns. This will allow the structure of charges to be revised to more closely align commercial incentives with the public interest. The latter will consider how the current performance regime can be changed to ensure that Network Rail has the right incentives to deliver, and exceed, the performance improvements required by the Access Charges Review 2003.

4.60 Over the course of the year ORR made a full contribution to the Rail Review - both formally and through the various industry and governmental working groups. In September ORR published for consultation its strategy for implementing the White Paper's conclusions. The proposals set out in the consultation document received widespread industry support and it is clear that ORR will continue to play a key role as the combined independent economic and safety regulator in helping to ensure that the railway provides value for money for both the fare-payer and the taxpayer.

4.61 In February 2005, ORR started consultation on its corporate strategy for 2005-08, providing an opportunity for funders and other stakeholders to understand, comment on and endorse ORR's role, priorities and costs.

4.62 The consultation document included a statement of ORR's proposed aim, which was 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. In addition to the written consultation, several stakeholder events were held during the consultation period, which expired on 31 March 2005. Twenty eight consultation responses were received, all generally supportive of the aim and the strategy as proposed.

European Union (EU)

4.63 The Department has continued to take an active role in response to European Commission (EC) proposals to create a single European rail area. The Department's aim is to ensure that any EU legislation supports efforts to stabilise the UK rail industry's finances. To this end, the Department recently instituted a European Rail Policy Forum to discuss new and upcoming EU legislation with industry stakeholders. A similar forum on the implementation of interoperability measures has operated for some time.

4.64 The 'second rail package' of measures on safety, interoperability, the establishment of the European Rail Agency, and freight liberalisation was adopted in 2004; and a third package covering further liberalisation, passenger rights, freight contracts and driver licensing is currently being negotiated. The Department's objective is to ensure as far as possible that the costs involved in the

new EU legislation do not outweigh the benefits. Work continues on the implementation of the first and second EC rail packages.

Useful web sites

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

Strategic Rail Authority
www.sra.gov.uk

Chapter 5 - Buses

5.1 This chapter sets out what the Department is doing in relation to local bus services, and also provides information about taxis. Buses are the main mode of public transport and represent nearly two-thirds of all public transport journeys. Because of the flexibility of bus networks they are integral to offering people alternative means of travel, thereby reducing our dependence on cars and tackling congestion, as well as improving accessibility both for car users and for those without cars. Buses are particularly important for rural communities and for tackling school gate congestion where around one in five cars on the road at ten to nine in the morning is on the school run.

Responsibility for delivery

5.2 The Department has responsibility for the overall regulatory and policy framework for the delivery of bus services in England; the primary and some of the secondary legislation for which it is responsible extends to Wales. 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, under the Transport Act 2000, 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 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.

5.3 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. It also seeks to ensure that the barriers to improving services are tackled by the full use of the opportunities presented by the existing regulatory framework while keeping under review the case for further changes to that framework.

Progress in delivering objectives

5.4 More specifically, the Department has a PSA target to increase bus and light rail use by more than 12 per cent in England by 2010, compared with 2000, with growth in every region. Light rail has seen a significant increase over recent years, by over 95 per cent between 1996-97 and 2003-04 and we expect growth to continue. Bus patronage increased by 2.3 per cent in England over the year 2002-03 to 2003-04 but growth has been varied across the country with use in some areas increasing and in others declining. The locations that have seen the greatest bus growth are ones where measures such as providing modern safe and accessible buses and real time passenger information are coupled with traffic or parking restraint measures such as bus lane enforcement. Commitment from both local authorities and bus operators is key to success, as is co-operation between them. Bus and light rail patronage over the last 10 years is shown in Figure 5a.

Figure 5a: English bus and light rail passenger journeys 1994-95 to 2003-04
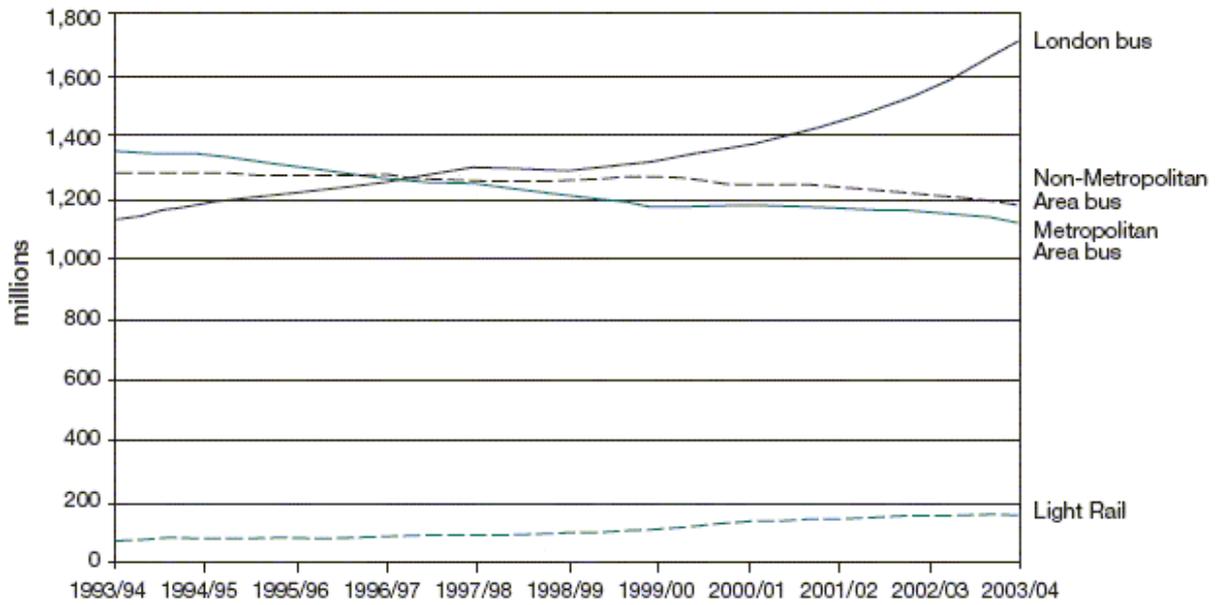
5.5 Support is given to the bus industry in a variety of ways. Central and local government provide revenue support in various ways - see below. Capital funding to local authorities supports bus priority measures and other bus infrastructure such as bus stations and shelters. Figure 5b sets out details of central Government revenue spending on local bus services.

Figure 5b: Bus spending by central Government[13] [14] [15] - £ million

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

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

[15] 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.

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Estimated outturn	2005-06 Plans	2006-07 Plans	2007-08 Plans
Bus Service Operators' Grant [16]	310	300	304	317	341	366	380	398	417
Other bus grants [17] [18]	1935	45	50	75	80	86	83	73	69
Total	**345**	**345**	**354**	**392**	**421**	**452**	**463**	**471**	**486**
Total adjusted for inflation	381	377	377	403	421	443	443	439	441

Central and local government spending to support bus services

5.6 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, paid by DfT to local authorities with rural areas, used to fund tendered bus services that are not provided commercially;

■ Rural and Urban Bus Challenge schemes for certain new services in rural and urban areas, supported by grants paid by DfT to local authorities;

■ payments by local authorities outside London for contracted socially necessary services that are not provided commercially;

■ 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.

5.7 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.

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

[17] Includes Rural Bus Subsidy Grant, Rural Bus Challenge, Urban Bus Challenge and 'Kickstart' bus projects.

[18] Excludes support for concessionary fares and public transport support for socially necessary bus services, which are funded via the Revenue Support Grant mechanism. Total revenue support for buses exceeds £1 billion a year.

[19] Excludes support for concessionary fares and public transport support for socially necessary bus services, which are funded via the Revenue Support Grant mechanism. Total revenue support for buses exceeds £1 billion a year.

It reimburses 80 per cent of the fuel duty on ultra-low sulphur diesel (100 per cent for new, cleaner fuels), amounting to £366 million in England in 2004-05. This reduces operators' costs, making more services available and helping to keep fares down.

5.8 The Rural Bus Subsidy Grant was increased to £51 million in 2004-05 compared with £48.5 million in the previous year. In 2003-04, it supported over 2,200 services on which some 29 million passenger journeys were made. The scope of the grant was broadened in April 2004 to enable local authorities to use it for a wider range of services including demand-responsive services. The continuation of the grant beyond March 2006 was announced in The Future of Transport.

5.9 In 2004-05 some £35 million was paid to local authorities as grants to help fund projects under the Rural and Urban Bus Challenge schemes. In total since 1998 over 400 projects have been supported by these schemes involving a wide range of innovative and flexible local transport solutions, including taxi bus and other demand-led services. The focus has been on provision other than the conventional scheduled bus service. The purpose has been to demonstrate the potential for flexible solutions to improving accessibility and social inclusion and to encourage the development and implementation of projects which if successful then become part of 'mainstream' transport provision in the areas concerned.

5.10 As indicated at the time, the 2003 Challenge competitions were the last to offer this form of funding. However, the Department is taking forward Kickstart funding for new bus services introduced on a pilot basis in the 2003 competitions. Pilot projects have been launched successfully and are showing promising initial performance on patronage growth. The key aspect is that new services, or service improvements, often require a period of pump-priming support while use of the service builds up. The aim is to encourage the development of new and improved services that have the clear potential to contribute to the growth in bus use. A further Kickstart competition will be held in spring 2005 inviting bids from local authorities in partnership with bus operators for funding to pump-prime the introduction of services that will become self-supporting after an initial period.

5.11 Provisional figures show that local authorities in England outside London spent £252 million in 2003-04 supporting socially necessary bus services that were not provided commercially. This includes funding provided by local authorities from their own resources including the Revenue Support Grant (RSG) and council tax, but does not include funding provided through Rural Bus Subsidy Grant and the bus challenge schemes.

5.12 In London, where bus services are operated on a franchised basis, TfL's net bus subsidy was £507 million in 2003-04. The bus subsidy is primarily funded through the Department's block grant for TfL, and it is for the Mayor of London to decide how much of this grant should be spent on London bus services.

5.13 Local authorities in England spent more than £500 million on concessionary fare schemes in 2003-04. All authorities (district councils in two-tier areas) must provide for people over 60 and people with disabilities to have at least half fare on local bus journeys, with a free pass, within the local authority area, from 9.30 am Monday to Friday and all day weekends. From April 2006 authorities must provide free travel, with a free pass. The Government will be providing an additional £350 million to local authorities to fund this change. Authorities will continue to be able to offer alternative schemes, covering a wider area or operating before 9.30 am on weekdays, or include other modes of local transport, such as rail, tram or ferry, if they choose to do so. In some areas, they also provide child concessions, where these are not provided commercially. These schemes are funded by local authorities from their own resources, including the RSG and the council tax.

Payments to scheduled coach operators for concessionary fares

5.14 The Department also pays a grant to coach operators to cover the cost of provision of half-fare concessions for older and disabled people on many scheduled coach services. The scheme is voluntary, but coach operators participating in the scheme include National Express, the major

provider of scheduled coach services. This grant amounted to £12 million in 2004-05. Over 4 million passenger journeys have been made under the scheme since its introduction in May 2003.

Review of bus subsidies and Gershon Efficiency Review

5.15 The conclusion of the review of bus subsidies, which was first announced in April 2002, was included in The Future of Transport. This announced that the BSOG would continue in its present form.

5.16 The White Paper stated that most areas will be best served by continuing with the current partnership arrangements, but we want some local authorities to consider more radical options, including Quality Contracts. This is why we have made the changes to Quality Contracts and issued guidance on applications, described below. This is also why we will be supporting authorities that want to improve bus services together with congestion reducing measures such as congestion charging through the Transport Innovation Fund - see Chapter 6.

5.17 The White Paper confirmed that Rural Bus Subsidy Grant would continue beyond 2006 and that we would review the case for a further round of 'Kickstart' projects, which is now expected to be launched in spring 2005. 5.18 Following the Bus Subsidy Review, we are also taking forward other measures to support improvements in bus services. These include enabling the more efficient tendering of subsidised bus services through the development and roll-out of procurement best practice and ensuring local authorities have the right framework and tools to support better bus services, particularly through bus priority and traffic management measures. Work to improve local accessibility through accessibility planning will also help to ensure that the provision of subsidised bus services is better targeted to meet people's needs - see Chapter 6.

5.19 Following the Gershon Efficiency Review which aimed to achieve significant efficiencies across the Civil Service, the 2004 Spending Review requires efficiency improvements across the public sector over the period 2005-06 to 2007-08 (see Chapter 2 for more details).

5.20 The Department has established a non-roads local authorities workstream as part of its wider efficiency work and this has identified several areas of bus-related spending where there is the potential for efficiencies in local authority expenditure. These are revenue spending on concessionary fares administration and on the procurement of tendered bus services; and capital spending on all non-roads local transport schemes through the LTP process (see Chapter 6 for more information on LTPs). All efficiency gains made in these areas will contribute to local authorities' overall target of achieving gains worth 2.5 per cent of their total expenditure over the period 2005-06 to 2007-08. It will be for authorities to determine how to deliver these gains across the full range of their services. All efficiency gains will be retained by local authorities for use supporting front line services.

5.21 The National Audit Office and Audit Commission are currently undertaking a joint study of the efficiency of local government spending on bus services. This is taking forward the White Paper commitment on streamlining concessionary fares administration, as well as considering other funding streams, including the procurement of tendered services. Meanwhile, the Department has been developing good practice guidance on the procurement of tendered bus services, in consultation with stakeholders in local authorities and the bus industry. The first stage was made available to local authorities on the Department's website in February 2005. It will help all authorities to undertake the tendering of bus services as efficiently as possible.

Working in partnership

5.22 The Department has recognised the importance of creating effective partnerships. In July 2002, the Department established the Bus Partnership Forum, which brings together senior representatives of the bus industry and local government. The Forum is tackling problems that may hinder further growth and is identifying practical solutions. Achievements to date include:

■   publication of a report on understanding customer needs;

- agreeing a code of practice on service stability (limiting the number of timetable changes made per year) for local implementation;

- publication of a CD-ROM resource pack on bus priorities;

- publication of model agreements on joint ticketing schemes as a way of encouraging further schemes; and

- publication of a report on the development and implementation of innovative and socially inclusive transport solutions, and

- agreeing a new approach to bus punctuality measurement, compatible with enforcement by the traffic commissioners, based on results of the first national bus punctuality survey carried out in March 2004.

5.23 Further work is in progress on integrated ticketing, statutory quality partnerships and skills shortages in the bus industry.

5.24 The output of this group has encouraged operators and local authorities to work together to further the Department's objectives of increasing bus patronage and improving accessibility, punctuality and reliability of bus services. It has provided a toolkit for implementation at local level of such matters as service stability, multi-operator ticketing and punctuality, which have been identified as factors that could encourage greater use of public transport. Implementation depends crucially on the rolling out of these policies at local level and all parties to the Forum are asked to make regular progress reports on this. This is in addition to the Department's engagement with local authorities described in Chapter 6.

5.25 A major recommendation of the report on bus punctuality is that the improvement of bus service performance requires a participative approach to the identification of the causes of problems, and open and constructive dialogue between the parties. The recommended approach is the creation of Punctuality Improvement Partnerships between bus operators and local authorities. Traffic commissioners considering penalties for operators who fail to provide punctual services will give credit to operators who show that they are addressing the problems through Punctuality Improvement Partnerships with local authorities. Local authorities will be required to monitor bus punctuality which will be a performance indicator in the second round of LTPs. The Department carried out a further national punctuality survey in March-April 2005 and intends to repeat this annually.

Bus Quality Contracts Schemes

5.26 The Transport Act 2000 gave local authorities powers to make Quality Contracts Schemes. These allow the local authorities to specify the routes, fares and frequency of bus services in specified areas, where this is the only practicable way for them to implement their bus strategies and to do so in a way that is economic, efficient and effective. Such schemes need to be approved by the Secretary of State. To date, none have been submitted. Some local authorities who felt they met the criteria claimed to have been deterred by the length of the 21-month minimum period specified in the Act between the making of the scheme (after it has been approved) and its coming into force. The Department consulted stakeholders on the implications of reducing this to a shorter minimum period, and in the light of responses the minimum period for schemes wholly in England has been reduced, by Order, to six months with effect from 1 March 2005. In January 2005, the Department published guidance on the application for approval of Quality Contracts Schemes.

Other initiatives to promote better bus services

5.27 Since 23 February 2004, amended regulations allow fully flexible, demand-responsive services to be registered with the traffic commissioner. On the same day, flexible services also became eligible for the BSOG. This has encouraged the provision of more demandresponsive services - more than 170 had been registered by March 2005.

5.28 A permit regime exists which allows 'non-profit making organisations' concerned with education, religion, social welfare, recreation and other activities of benefit to the community to operate services without the need for a full Public Service Vehicles (PSV) operators licence and in many cases without the need for any additional driver licence qualifications. The Department is currently reviewing this regime in order to reduce the barriers to further expansion. Public consultation on possible measures to allow the voluntary sector to provide a wider range of services will take place in 2005.

5.29 Ensuring there is a sufficient supply of trained drivers to meet its needs has been an important issue for the bus industry in recent years. The Department has welcomed the establishment of GoSkills, the new Sector Skills Council for Passenger Transport, which received its licence from the Sector Skills Development Agency in November 2004. GoSkills will be playing a leading role in identifying skills needs, developing vocational training initiatives and carrying out research on skills issues. The Department has also announced funding of £0.78 million over the next three years as a contribution to GoSkills' work in the taxi/private hire and community transport sectors.

5.30 The Department has consulted on a regulatory reform order that would remove or reduce four small but significant administrative burdens affecting bus service provision. In particular it would no longer be necessary to register school bus services which carry some farepaying pupils but do not carry the general public. The order would also increase the maximum permitted length of bus subsidy contracts to eight years, give Passenger Transport Executives (PTEs) the same powers as other local authorities to purchase buses for leasing, and remove certain restrictions on Councillor Directors of local-authority owned bus companies.

5.31 New regulations have been brought into force extending the subjects that can be specified in traffic regulation conditions (conditions imposed on operators by traffic commissioners at the request of local traffic authorities) to include emissions standards of vehicles and the control of noise from loudspeaker commentaries.

5.32 Between March 2002 and March 2004, £20 million was awarded to 19 local authorities and PTEs to implement bus real time information schemes as part of the Transport Direct Programme. The funding has contributed to equipping 2,300 buses, the installation of 1,400 at stop signs and the development of extension of 12 websites and seven SMS (short message service) text messaging services. It has also acted as catalyst to other implementations. Vehicles equipped to provide real-time information are now operating in 72 English towns and cities within 47 local authorities and PTEs.

5.33 PlusBus, an integrated rail-bus ticket which can be purchased from all national rail outlets is now available for journeys to or from 211 stations across Great Britain. PlusBus gives passengers unlimited travel at either or both ends of their rail journey. PlusBus was created by Journey Solutions, a group set up in 1999 by the different British passenger transport industry to co-ordinate and develop integration between different modes of transport.

Personal security on buses

5.34 The Department chairs the Safer Travel on Buses and Coaches Panel (STOP). This brings together the bus industry, local authorities, trades unions, police and other stakeholders to consider how best to tackle problems caused by crime and antisocial behaviour on buses and at bus stops and bus stations. In November 2004 a STOP conference on fighting bus crime was held in Liverpool to disseminate good practice to local authorities, bus operators and other stakeholders. Further events are planned in the coming year.

Bus reliability

5.35 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 5c. Reliability increased from 98.1 per cent in April-June 2000 to 98.7 per cent in October-December 2004. It fell back to 98.2 per cent in July-September 2004, largely due to a strike in South Yorkshire (the figure for July-September 2003 was affected by a strike in Devon).

**Figure 5c: Bus Service Reliability 2000 to 2004: seasonally adjusted - England**
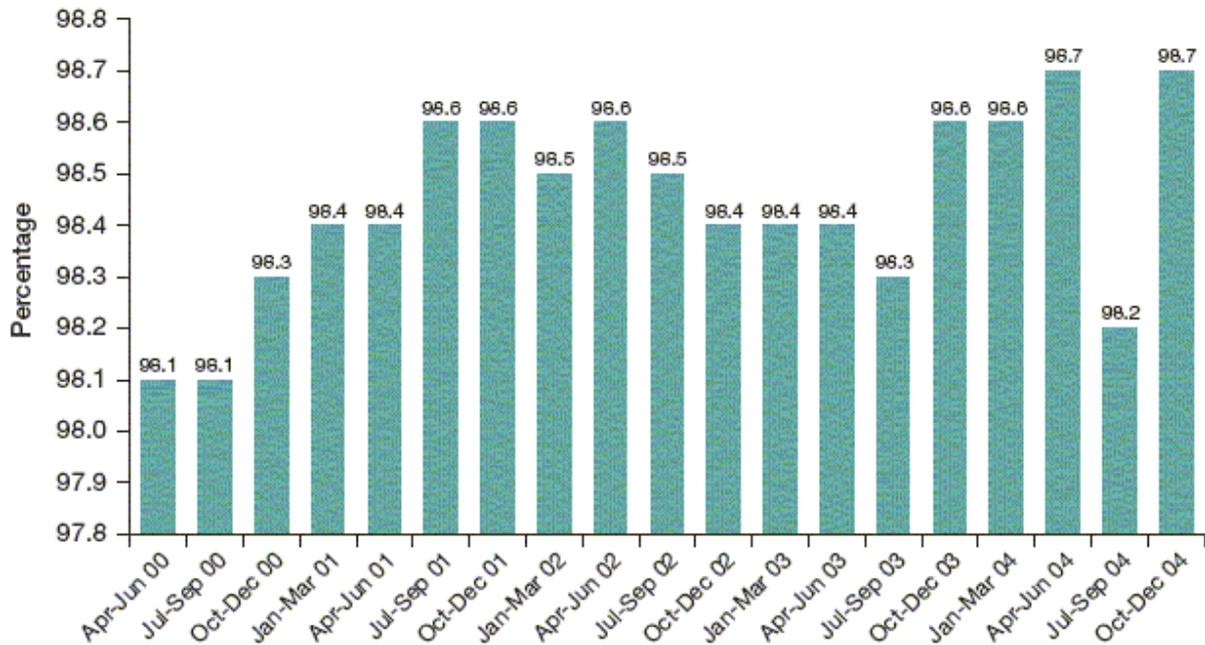
Accessible buses

5.36 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.

5.37 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.

5.38 We have agreed with the Confederation for Passenger Transport that 50 per cent of full-size buses in Great Britain will be accessible to wheelchair users by 2010. Figure 5d shows that this percentage has risen from 8 per cent in 1997-98 to 39 per cent in 2003-04. Some of these buses, although of low floor design suitable for wheelchair access, were introduced before December 2000 and so do not have a PSVAR 2000 certificate and would be illegal after 2016 or 2017.

Figure 5d: Percentage of full-size fleet that is wheelchair accessible - Great Britain
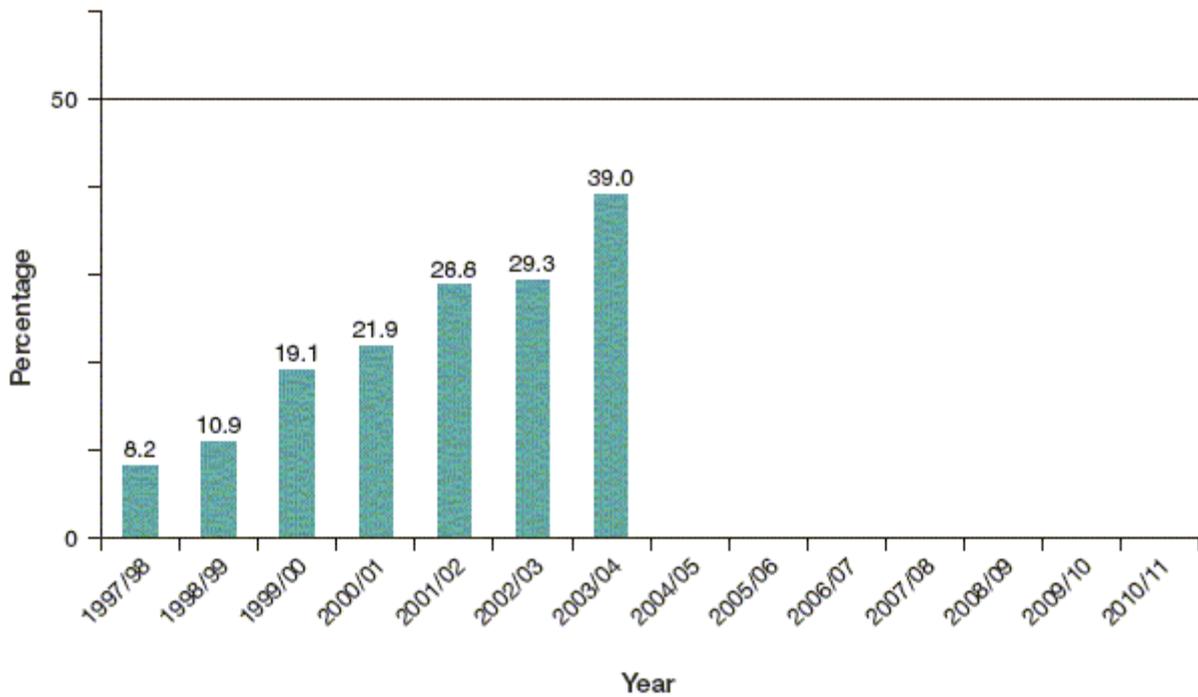
Bus customer satisfaction

5.39 NOP International conducts a series of quarterly interviews on behalf of 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 April-June 2001 and July-September 2004, are shown in Figures 5e and 5f respectively.

5.40 Since 2001, overall satisfaction has risen from 79 to 80 out of 100 in England, with the most obvious increases in London. Satisfaction with reliability has risen from 64 to 67 out of 100 in England. Again, the greatest rise was witnessed in London where ratings have risen from 65 in April-June 2001 to 71 in October-December 2004. Of the other measures of satisfaction measured by the survey, satisfaction with bus stop information has shown noticeable improvements, steadily rising from 55 to 61 out of 100 in England. This measure of satisfaction improved most in areas outside of London. All data are seasonally adjusted.

Figure 5e: Bus passenger satisfaction rating: overall service Q2 2000-Q4 2004
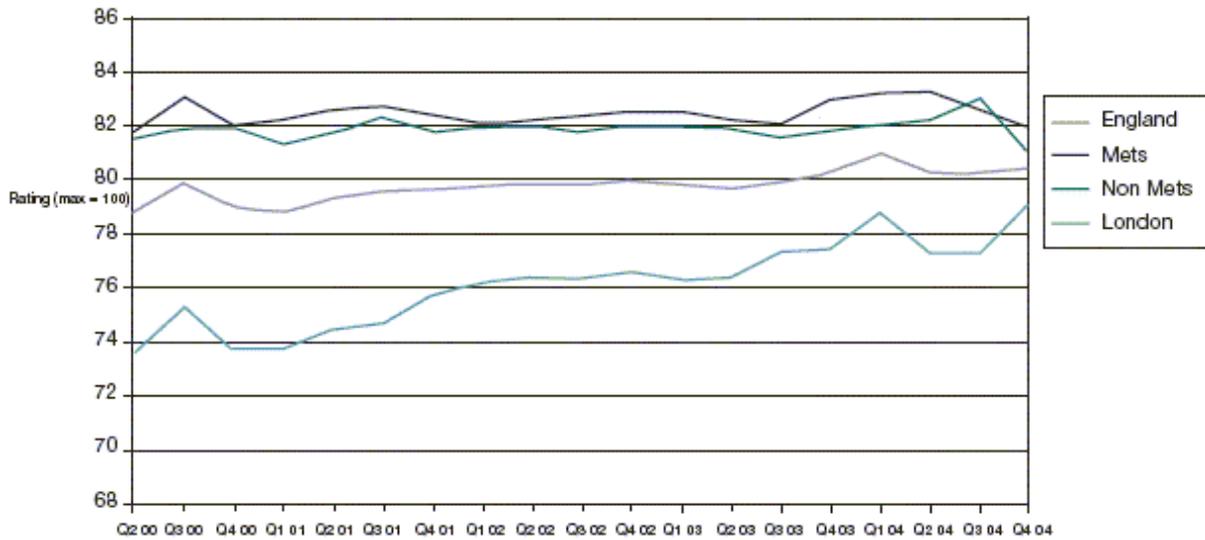
Figure 5f: Bus passenger satisfaction rating: reliability Q2 2000-Q4 2004
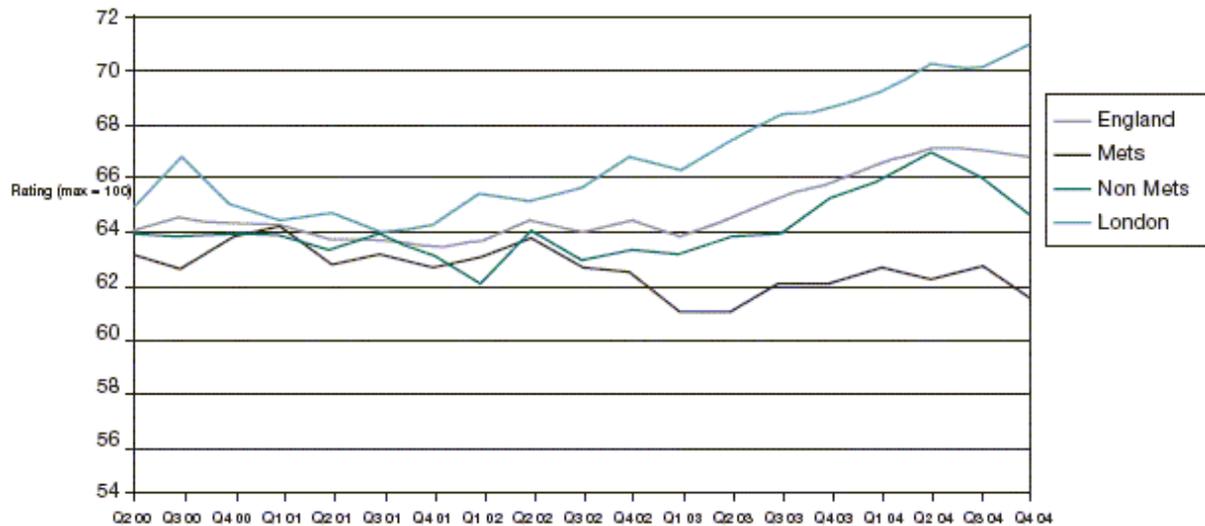
Taxis

5.41 Taxis and private hire vehicles should be an important part of the LTP process. Following the Office of Fair Trading market study into the regulation of taxi and private hire vehicle services in 2003, the Department wrote to all local licensing authorities that restrict taxi licences and asked them to review and, if necessary, justify their policy publicly by 31 March 2005. Those authorities that wish to continue to restrict taxi licences will be required to undertake a review of their policy every three years, with published conclusions, and to justify the policy in their LTPs.

Guided busways

5.42 Guided bus systems can be installed cheaply. The Crawley Fastway system in West Sussex, serves Gatwick Airport and opened its first phase in September 2003. This includes 24 kilometres of core routes, of which 2.5 kilometres are guided busway and 8.8 kilometres are bus lane, with junction improvements and new bus shelters along the route, and new vehicles. The whole scheme will cost approximately £32 million. The Government is providing over £13 million, with other funding being

provided by the local authority partners. Over two million passenger journeys have been made on the Crawley Fastway since the scheme started.

5.43 As part of the 2004-05 Settlement, the Department provisionally agreed, subject to the necessary statutory processes, two major kerbguided bus schemes. These are:

■ the Cambridge to Huntingdon guided bus scheme - 23 kilometres of guideway along a disused railway line and 17 kilometres of street running with bus priority, and the introduction of high-quality lowfloor buses. This will help reduce congestion on the A14. The Department is contributing £65 million with significant contributions from developers; and

■ Translink - 13 kilometres of kerb-guided busway along a disused railway line from Luton to Dunstable, with the introduction of modern, high-quality low-floor buses to serve a number of locations in the conurbation. The Department is contributing around £79 million towards the project.

5.44 If they secure final approval, these will be the first generation of guided bus schemes of this scale in the UK.

London's bus network

5.45 Bus services in London are run on a franchise basis on behalf of Transport for London (TfL). Operational mileage in London is now higher than at any time since 1957 (450 million kilometres in 2004-05). 95 per cent of buses are low floor accessible, with an expectation that all buses will be low floor accessible by 2005-06. 80 per cent of London's bus fleet now has on-board CCTV. Bus subsidy is primarily funded through the Department's block grant to TfL, and it is for the Mayor of London to decide how much of this grant should be spent on London's bus services. TfL's provisional estimate of its net bus subsidy in 2004-05 is £556 million.

5.46 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.

Figure 5g: Bus patronage: London and the rest of England: 1996-97 to 2003-04
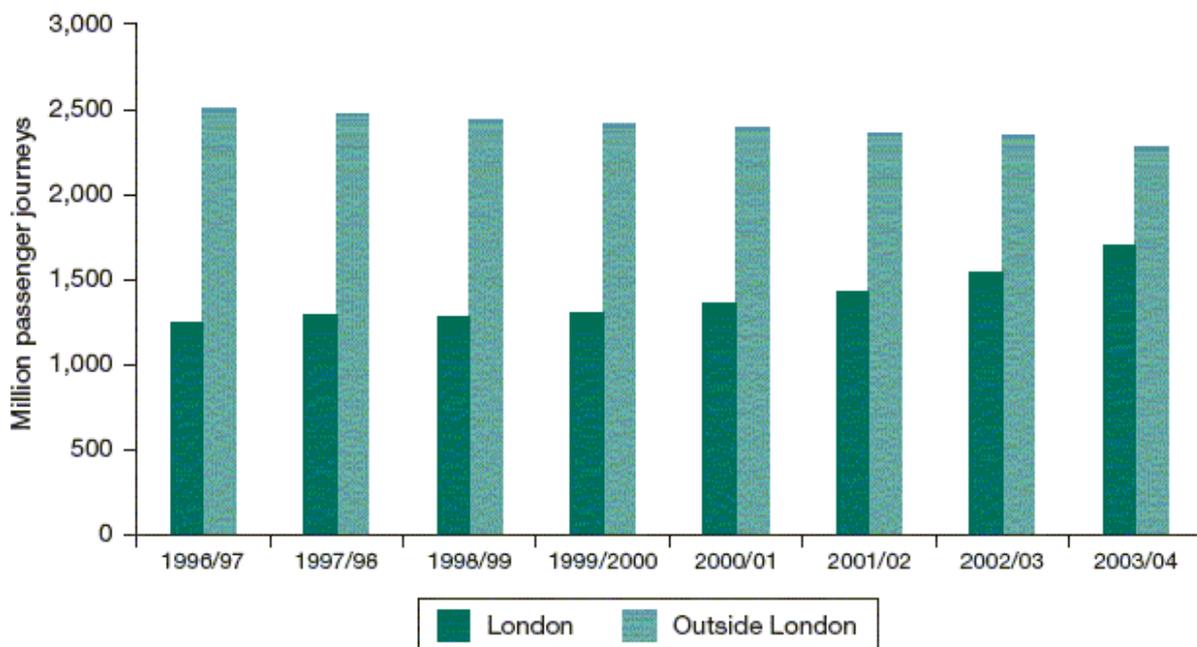
Quality of service

5.47 The table below details customer satisfaction scores for the third quarter of 2004-05 (up to 31 December 2004), and scores for years 2003-04 and 2002-03. 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.

Figure 5h: Customer satisfaction (score out of 100)

	2004-05 (Q3)	**2003-04**	**2002-03**
Overall satisfaction	79	77	76
Personal safety and security on buses	83	81	80
Crowding on buses	78	78	77
Reliability	71	68	66
Information at bus stop	71	72	72
Condition of buses	80	80	79
Bus stops and shelters	75	75	74
Smoothness of ride	75	74	74
Staff behaviour	85	85	84
Value for money	71	76	78

Chapter 6 - Making choices locally and regionally

6.1 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 the London Underground PSA target. Information about the bus element of the local transport PSA target and the road safety PSA target can be found in Chapters 5 and 10 respectively.

6.2 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

6.3 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

6.4 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.

6.5 Spending shares are 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 ODPM. Figure 6a shows English local authorities' revenue expenditure 2002-03 (latest available figures) and Figure 6b shows a breakdown of the net current expenditure for highways maintenance and public transport.

Figure 6a: English local authorities' revenue expenditure 2002-03[20]

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[20] The figures in this table are the latest published by the Government (Local Government Finance Statistics).

2002-03 outturn £million	Expenditure	Income	Net current expenditure	Net total cost [21]
Total highways maintenance	2,402	453	1,949	3,286
Parking	586	966	-380	-223
Public transport	1,559	207	1,352	1,398
Concessionary fares	525	38	487	487
Total	**5,072**	**1,665**	**3,407**	**4,948**

Figure 6b: Expenditure for highways maintenance and public transport

Item	2002-03 outturn £million
Transport, planning, policy and strategy - highways	91
Traffic management and road safety	205
Structural maintenance - principal roads	93
Structural maintenance - other local authority roads	358
Routine maintenance - principal roads	220
Routine maintenance - other local authority roads	502
Roads - public lighting	285
Winter service	116
Bridges - structural maintenance and strengthening	47
Construction - roads and bridges	30
Total highways maintenance	**1,949**
Transport, planning, policy and strategy - other	72
Expenditure on bus services	691
Payments on local rail services	291
Other public transport	297
Total public transport	**1,352**

The local transport settlement

6.6 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 provide a context for

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[21] Includes capital charges, but excludes specific grants.

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.

6.7 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 ncrease over the previous five years. The settlement honours the Government's commitment to sustained investment. Figure 6c sets out central Government's spending on local transport.

6.8 The Department also announced provisional approval for eight new major local transport schemes including three major public transport schemes: Red Routes in the West Midlands, enhancements to Watford Junction rail station and integrated transport improvements in Castleford. Five major road improvement or maintenance schemes were also approved - in Merseyside, Kent, East Sussex, Portsmouth and Derby.

6.9 The Department also gave final approval to seven new major local transport schemes in December 2004. The Department has now approved or provisionally approved over 60 major transport schemes for funding since the 10 Year Plan was published. The schemes are diverse, ranging from existing interchanges to new roads to the introduction of new light rail systems.

6.10 The major schemes approved in the 2004 LTP settlement included two schemes for highway maintenance. A number of smaller maintenance schemes were funded on an exceptional or emergency basis. The majority of maintenance funding is allocated by formula, with the intention of targeting funds towards authorities with the greatest need.

Figure 6c: Local transport spending by central Government [22] [23] - £ million

	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Estimated outturn	2005-06 Plans	2006-07 Plans	2007-08 Plans

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[22] Excludes local transport expenditure on highways maintenance, concessionary fares and other public transport support that is funded by the Revenue Support Grant (see Figure 6a). Also excludes Bus Service Operators' Grant and other bus grants details of which can be found in Chapter 5.

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

Local transport plans								
Major schemes	116	125	318	348	345	407[24]	434[25]	420[26]
Road maintenance	264	548	571	566	650	660	684	698
Integrated transport block [27]	426	562	597	612	658	552	521	521
Other [28]	1	1	0	0	0	0	0	0
LTP Total	**807**	**1,236**	**1,486**	**1,526**	**1,653**[29]	**1,619**	**1,639**	**1,639**
Community Infrastructure Fund (joint with ODPM)[30]	0	0	0	0	0	0	50	150
Local Transport[31]	6	17	27	38	57	30	33	34
Total	**813**	**1,253**	**1,513**	**1,564**	**1,710**	**1,649**	**1,722**	**1,823**
Total adjusted for inflation	*887*	*1,334*	*1,557*	*1,564*	*1,677*	*1,578*	*1,604*	*1,653*

Local transport plans (LTPs)

6.11 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.

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

[25] Excludes contributions from the Community Infrastructure Fund.

[26] Excludes contributions from the Community Infrastructure Fund.

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

[28] Covers the Industrial Development Act grant.

[29] Excludes the reserve of £80 million.

[30] The Community Infrastructure Fund will support local transport, London and strategic roads projects. Figures shown here are totals.

[31] 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 Rail Passenger Services Grant relating to support for heavy rail schemes. Expenditure for this programme appears in Figure 4d (Chapter 4).

6.12 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. The annual monitoring of the authorities' progress, allows 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 enables the Department to make informed decisions about funding for local transport capital schemes through the annual Transport Capital Settlement. The fourth APRs were submitted in July 2004 and reported progress towards achieving targets and objectives with, on average, 70-75 per cent of targets clearly on track to be achieved.

6.13 They demonstrated that with the help of the Government's £8 billion of local transport capital investment, local transport authorities have been able to deliver improvements to bus routes, park and ride schemes, and transport interchange facilities. New cycle lanes and tracks, and light rail lines have been created. There have also been improvements to assist traffic management and to the safety and quality of local transport infrastructure. More detail on buses, light rail and roads can be found in other chapters in this report.

6.14 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 requires high standards in local transport planning and sets out what the Government expects from local transport authorities in their new LTPs.

6.15 The second round LTPs will be finalised by March 2006 to cover the period from April 2006 to March 2011. The Department will use the LTPs to determine 25 per cent of the annual local transport allocations. The other 75 per cent will be determined on a formulaic basis. 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.

6.16 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

6.17 The Department has supported the setting up of a local transport planning network to disseminate good practice between local authorities. In partnership with the Local Government Association it has designated 10 transport pathfinder authorities, to develop and innovative good practice. In February 2005 it also announced 17 local authorities as Centres of Excellence for Integrated Transport Delivery, which in recent years have shown that they are successful in delivering their LTPs.

6.18 The Department has engaged with individual and small groups of authorities to facilitate the development of better LTPs. It has supported consultancy work in nine authorities whose progress it assessed as weak.

Accessibility planning

6.19 Local authorities will be expected to pay greater attention to accessibility and to include an accessibility strategy within their second LTPs. Accessibility planning seeks to ensure that there is a clearer and more systematic process for identifying and tackling the barriers that people, especially those without access to a private vehicle, face in accessing jobs and key services, such as education and health care.

6.20 The Department issued guidance to local authorities on accessibility planning in December 2004, following a consultation exercise. In addition, guidance on accessibility planning has been produced by other government departments and has been made available to their delivery agents. The guidance encourages local authorities and other agencies, including voluntary and community sectors, to focus on promoting social inclusion by tackling the accessibility problems experienced by those in disadvantaged groups and areas. It provides the framework to work together to develop and deliver solutions to accessibility problems depending on the particular needs and priorities of local areas.

6.21 The bespoke software tool for authorities' use in accessibility planning, called 'Accession', has been developed and is available, and a CD of centrally available data has been issued to local authorities for use with Accession. Research has also been carried out to investigate the cross-sector benefits of improved accessibility to jobs and services, and a programme of work called 'withinreach' is underway to provide training and support to local authorities in the production of their accessibility strategies.

6.22 An evaluation report on how the *Making the Connections* policies have improved socially excluded peoples' accessibility to key services will be prepared by the end of 2005. Good practice examples will be disseminated within and between departments and their partners.

Regional funding guidelines

6.23 *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. It also announced that the Government would be consulting on plans for publishing long term regional funding guidelines that will help make more transparent the investment choices at the national, regional and local level.

6.24 The Department published in December 2004, jointly with HM Treasury, the Office of the Deputy Prime Minister (ODPM) and the Department of Trade and Industry (DTI), a consultation paper[32] setting out in detail proposals for establishing regional funding guidelines covering transport and the related areas of housing and economic development. The proposals set out how regions and their stakeholders would be given the opportunity to influence through the Spending Review decisions on investment across these inter-related areas. The proposals envisage that, alongside existing economic development and housing allocations, there will for the first time be indicative regional transport allocations for the period to 2007-08 and longer term planning assumptions for beyond then. The transport allocations would cover capital funding projected for major local transport schemes and major highways schemes other than on routes of national importance. The intention is to include rail expenditure in the funding guidelines as soon as practicable, where it can be associated with one or more regions and when better information on the costs of rail services is available.

6.25 The proposals in the consultation document offer an opportunity for 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.

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[32] Devolving decision making: A consultation on regional funding allocations.

6.26 The consultation ended in March 2005 and the Government is currently considering the responses which were received. Subject to the outcome of the consultation, the intention is to publish long term funding guidelines in the summer of 2005 and to invite the regions to submit advice on priorities in advance of the next Spending Review. Guidance will be published at the same time on the expected coverage and format of the advice to help regions in framing their views on priorities.

The Community Infrastructure Fund

6.28 The ODPM and the Department issued guidance to local authorities for the Community Infrastructure Fund (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.

The Transport Innovation Fund

6.29 The *Future of Transport* White Paper set out the Government's intention to establish a Transport Innovation Fund to help its delivery partners to develop and deploy coherent, innovative local and regional transport strategies. The Fund will:

- support the cost of coherent, innovative local transport packages (including road pricing, modal shift and better buses);

- support mechanisms which raise new funds locally; and

- provide an exchequer contribution to regional or local schemes with the capacity to make a contribution to national productivity. The Fund will start at £290 million in 2008-09 rising to some £2.5 billion in 2014-15.

Light rail

6.30 The seven light rail systems in operation before the opening of the Nottingham Express Transit in March 2004 continue to gain passengers. Light rail journeys have grown by 131 per cent in the last 10 years, faster than growth in either track or new stations. The biggest increases were on London's Docklands Light Railway (DLR), Croydon Tramlink and Sheffield Supertram. The DLR now carries over 48 million passengers a year, with 6 per cent annual patronage growth in 2003-04. The DLR anticipates 60 million passengers a year by 2006. Croydon Tramlink also grew patronage by 6 per cent in 2003-04 and carries nearly 20 million passengers.

6.31 An impact study reported that 19 per cent of Tramlink users previously used the car - implying a reduction of over 7,000 car journeys a day. Sheffield Supertram now carries over 12 million passengers. Manchester Metrolink now carries approximately 19 million passengers, saving an estimated three million car journeys. Passengers on the other systems are also increasing in numbers. Those on the Tyne and Wear Metro have increased from 33 million to 38 million since the opening of the extension to Sunderland in 2002. Midland Metro carries over 5 million passengers.

6.32 Nottingham Express Transit is the most recently opened system (March 2004). The first year operating performance shows good system reliability and punctuality. Usage continues to grow and 8.4 million trips were made on the system during the first year of operation, exceeding patronage forecasts. 20-25 per cent of passengers use the 3,000 park and ride spaces. Joint ticketing between bus, tram and the Robin Hood Line heavy rail services, and the restructuring of local bus services to complement rather than compete with tram services, has led to a more effective use of public transport resources, increasing overall public transport use in that part of the Nottingham conurbation by around 20 per cent in the peak periods.

6.33 The Department recognises the need to help authorities learn the lessons from what has worked and what hasn't, building on the National Audit Report on *Improving public transport in England through light rail.* What has become evident is that if light rail is to be successful it needs to be part of

an integrated approach. The Department is now taking a more active role than it has in the past: working with promoters from an early stage to provide guidance on what is likely to be worth pursuing and issues to be addressed; and, with other stakeholders, working to ensure that better guidance is available in the future.

6.34 Local authorities should be responsible for assessing what is the right solution for their area, in the light of local conditions and regional and local strategies. *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. Any 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 the central and local contributions.

Walking and cycling

6.35 The Department published an action plan on walking and cycling in June 2004, comprising more than 40 actions from across Government aimed at increasing levels of walking and cycling. The commitments focus on:

■ creating a better environment for walking and cycling through the land-use and transport planning regimes;

■ providing better facilities, such as cleaner, safer, more pleasant streets, cycle routes and parking and better access to buildings;

■ 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, through improved information; and

■ better cycle training and pedestrian training for children.

6.36 Over the five-year period of the first LTPs, local authorities estimate that they will deliver over 5,500 kilometres of new or improved cycle tracks and cycle lanes. Local authorities laid 1,209 kilometres of cycle tracks and lanes in 2002-03, an increase of over 200 per cent on 1999-2000.

6.37 The Department developed, with the transport charity Sustrans, a *Links to Schools* programme which will provide traffic-free walking and cycling routes to connect more than 300 more schools to the existing National Cycle Network. Sustrans has more than matched the grant of £10 million provided by the Department and the first projects have already been completed.

6.38 The Department has worked closely with departments from across Government on raising the levels of physical activity to improve public health. In this context, it has worked with more than 20 cycling and road safety organisations to develop a new National Standard for cycle training which aims to provide the skills to cycle more safely on the road. The Public Health White Paper announced that the Department would support the roll-out of the National Standard through funding instructor training, accreditation of training schemes and a national helpline for potential trainees and trainers.

6.39 In March 2005 the Department announced the setting up of Cycling England to replace the National Cycling Strategy Board for England. With an annual budget of £5 million for each of the next three years Cycling England will be responsible for producing an annual work plan, dealing with both capital and revenue expenditure to promote increases in cycling.

6.40 Its functions include promotion and marketing, spreading best practice and developing effective projects. Cycling England will be well placed to encourage local authorities to make the best use of the money they invest in cycling and foster more co-ordination between local authorities, sporting organisations and other organisations like Primary Care Trusts and Non Governmental Organisations. A key priority for Cycling England will be to roll out the new cycle training standards to schools across the country. Other Departments across Whitehall will come together with DfT to ensure that the common interest in "more cycling, more safely" gives rise to better results.

London

6.41 Transport for London (TfL) is responsible for London Underground, the DLR, buses, trams and the Greater London Authority road network in London. *The Future of Rail* White Paper also announced in July 2004 that the Mayor of London and TfL would have greater responsibility for London's rail services. More information on London's roads can be found in Chapter 3 and information on London's buses can be found in Chapter 5 of this report.

6.42 TfL is answerable to the Mayor of London, and is largely funded through Government block grant, fares, congestion charging income together with a small contribution from council taxes. The Department's grant to TfL accounts for 50 per cent of its income. Compared with the equivalent grants given to TfL's predecessors, this has almost doubled from £1.1 billion in 2000-01 to £2.1 billion in 2005-06.

6.43 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 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 London's Olympic bid.

6.44 Following the five year settlement, the Department and TfL have subsequently agreed shared outcomes for transport in London by 2010. The specific targets for London Underground are described later in this chapter. Other outcomes for 2010 include:

■ for air quality, a reduction in emissions of 37 per cent for NO2 and 41 per cent for PM10, the two most serious pollutants from road transport;

■ for road safety, a reduction in persons killed or seriously injured of 40 per cent and 50 per cent for children (compared to a 1994-98 baseline); and

■ for a public transport, a 45 per cent increase in local public transport patronage and a 18 per cent increase in overall public transport capacity, compared to 2000 levels.

The resulting funding statement went beyond the Spending Review 2004 period to 2009-10:

Figure 6d: London funding 2000-01 to 2009-10 - £ million

GLA Transport Grant	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04[33] Outturn	2004-05 Estimated	2005-06 Plans	2006-07 Plans	2007-08 Plans	2008-09 Plans	2009-10 Plans
London Underground[34]	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	724	1,256	1,843	2,554	2,216	2,067	2,220	2,307	2,233	2,280

6.45 As part of the settlement the Government confirmed support for TfL's borrowing plans, subject to this remaining consistent with the prudential regime. The prudential borrowing regime allows local authorities, including TfL, to borrow for capital investment without having to seek permission from Government subject to this being prudent and affordable. This regime provides greater certainty over future borrowing and will give TfL a much greater ability to manage its long term infrastructure investment programme. TfL expect to borrow a total of £2.9 billion between 2005-06 and 2009-10. In addition, the Government announced in January 2004 a provisional offer of up to £200 million of private finance initiative (PFI) credits to help fund the Thames Gateway Bridge project.

6.46 London is the only major city in the world to have achieved a modal shift away from the car. During the last four years public transport usage has increased by more than 16 per cent, whereas car travel has fallen by 4 per cent. Significant achievements include:

- bus patronage up by 38 per cent since 1999;

- DLR patronage up by 62 per cent since 1999;

- London Underground passengers up by over 12 per cent since 1998-99;

- traffic within the congestion charge zone down by 16 per cent and congestion down by 32 per cent; and

- Oyster smartcard ticketing, which is more convenient and faster for passengers.

6.47 London's Bid for the 2012 Olympic and Paralympic games was submitted in November 2005. It included detailed plans for transport, making use of the 10 railway lines that will serve the proposed Olympic park, and the modernisation and investment which is planned regardless of the Olympic bid. The Department for Transport has worked closely with TfL, London 2012 and other stakeholders to develop these plans.

London Underground Ltd

6.48 London Underground (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 6e shows, passenger numbers have grown significantly since the early 1990s. Just under 976 million passenger journeys were taken in 2004-05, compared to 728 million in 1992-93, an increase of more than 34 per cent, and just above the Underground's all-time high figure of 970 million journeys in 2000-01.

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[33] In 2003-04 the grant for London Underground Ltd was paid to London Regional Transport until July 2003, with the balance of £346 million paid as part of the GLA Transport Grant from August 2003.

[34] Source: London Underground (LU) accounts for 2000-01 to 2003-04.

6.49 Under the public private partnership (PPP) two private sector infrastructure companies (infracos), Tube Lines and Metronet, are responsible for maintaining and improving the Underground's infrastructure - its trains, track, signals and stations. The 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. 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.

6.50 The Government has provided a long term commitment to stable grant funding for the Underground, averaging more than £1 billion a year up to at least 2009-10.

Figure 6e: London Underground passenger journeys
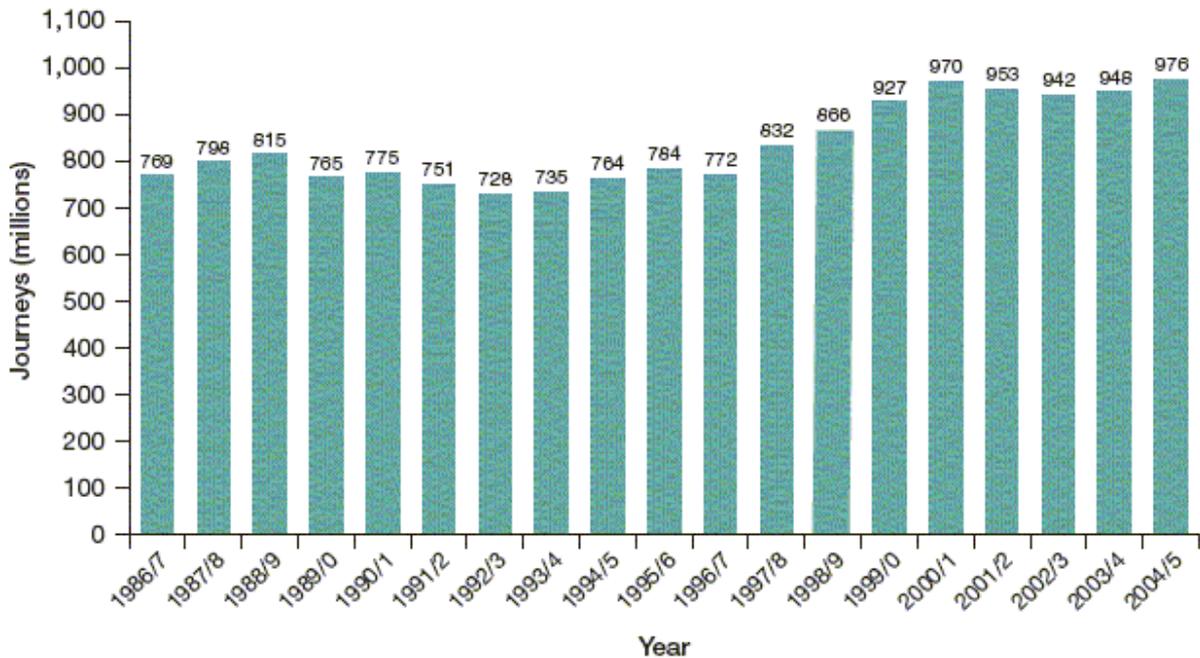
PPP Performance

6.51 The payments due to the infrastructure companies under the PPP 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. In 2003-04 the total bonuses and abatements for the PPP companies were £7.4 million and £27.7 million respectively. For 2004-05 the provisional bonuses and abatements are £15.8 million and £15.3 million. These reflect not only an increase in the volume of works but also a number of engineering overruns in the early months of 2005 that impacted on peak hour services, particularly on the lines maintained by Metronet.

LUL performance

6.52 Up to 31 March 2005 the Department had a PSA target for London Underground:

> *'Cut journey times on London Underground services by increasing capacity and reducing delays'.*

6.53 Progress against the PSA target is measured by six key indicators that demonstrate the performance of LUL's services and provide annual milestones. These challenging milestones were agreed with the Mayor and achieving them will demonstrate the improvements in performance and reliability that the PPP provides, as well as the operational performance of LUL. By 2010-11, the milestones will include 35 per cent fewer cancellations, a 12 per cent increase in capacity and almost 7 per cent less wasted journey time for passengers compared with 2001-02 levels. This will be against

a background of high and increasing passenger demand while the network is undergoing considerable renovation and modernisation. Following the transfer of the LUL to the Mayor, the PSA agreement was not retained in Spending Review 2004, however the Department will continue to monitor and report LUL's performance against these targets.

6.54 In the first full year of the PPP, 2003-04, five out of six targets were met by LUL. The only indicator that was not met was 'Percentage of schedule operated', primarily due to the impact of the Camden Town and Chancery Lane derailments. When adjusted to take out the impact of these derailments (by adding 0.9 per cent) the 'underlying' performance of 94 per cent of schedule operated was just above the Government's target of 93.8 per cent.

6.55 In 2004-05, LUL met all six performance targets. Figures 6f-6k show LUL's performance, since 1997-98 against each of the six indicators, together with the target for 2005-06.

Excess Journey Time

6.56 For 2004-05, LUL was inside the target of 3.27 excess minutes with a performance of 3.23 minutes. This provides their best performance since 1999-00, and is already better than the target for 2005-06, of 3.25 minutes.

Figure 6f: Excess journey time - 1997-98 to 2004-05
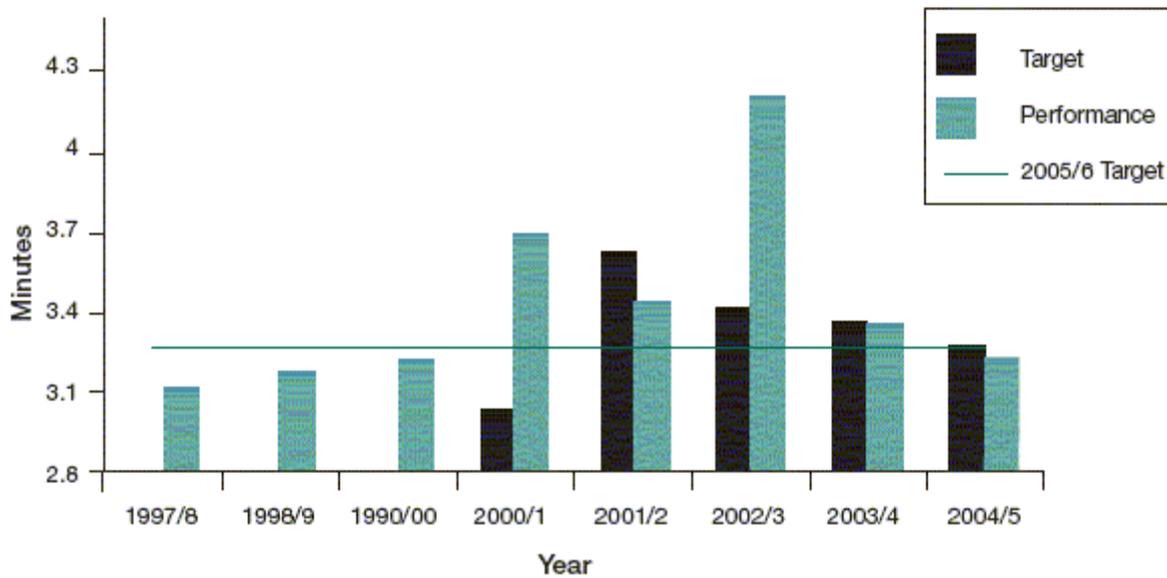
Excess train journey time

6.57 LUL's performance of 1.80 minutes is within the target of 1.97. This represents their best performance since the measure was introduced in 1998-99 and again is already better than the target for 2005-06. This reflects efforts by the infracos to improve the reliability of existing trains, track and signalling along with improved driver availability.

Figure 6g: Excess train journey time 1997-98 to 2004-05
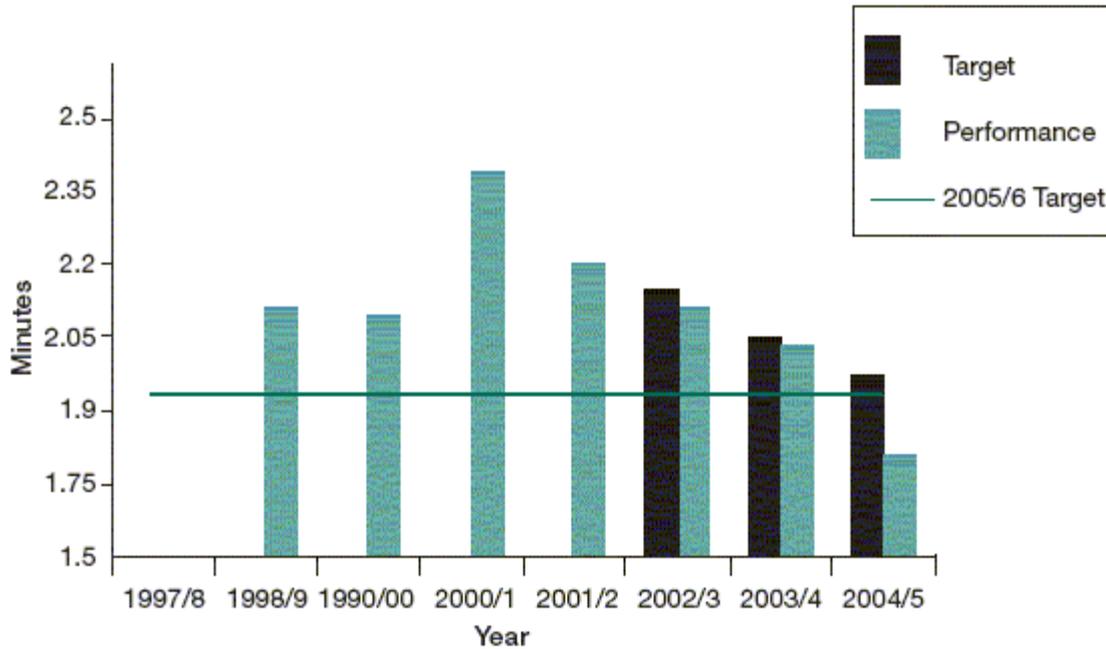
Operated train kilometres

6.58 LUL operated an all-time high of 69.4 million kilometres, compared to 62 million kilometres in 1997-98. This exceeds the target of 68.9 million for 2004-05 but will need to be increased to meet next year's target of 70.5 million kilometres. There are a number of factors behind this improvement; new timetables have increased the level of services, major investment projects such as the Jubilee Line Extension, the Central Line modernisation, new trains on the Northern Line and improved operational factors such as driver availability and percentage of schedule operated.

Figure 6h: Operated train kilometres 1997-08 to 2004-05
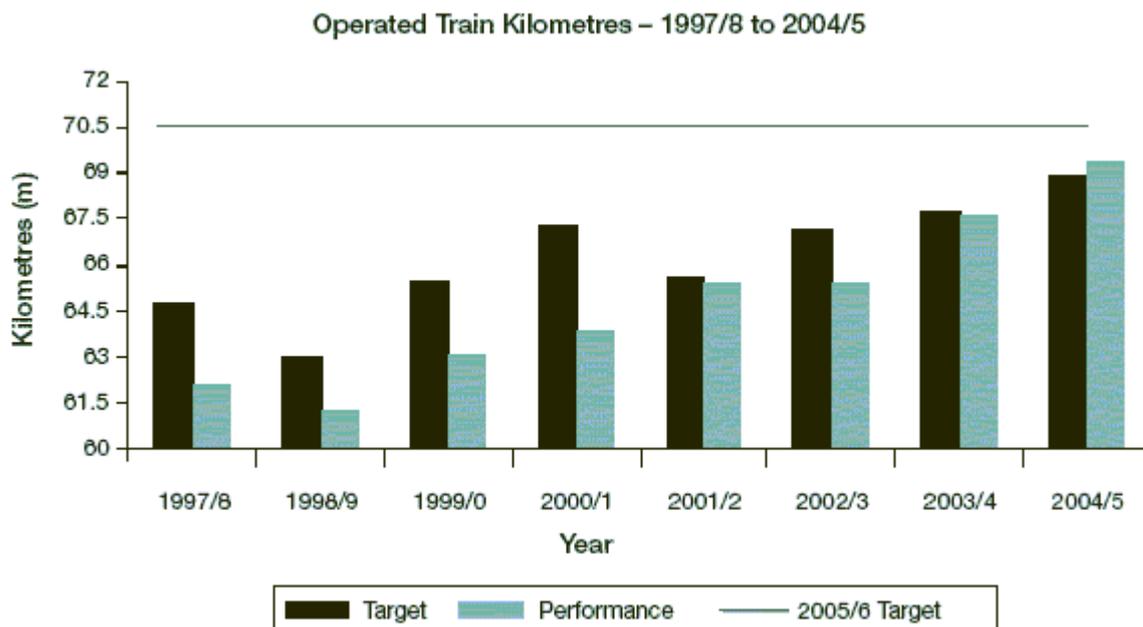
Percentage of peak trains cancelled due to driver non-availability

6.59 LUL's performance in 2004-05 represents their best over the eight years shown in the graph with just 0.1 per cent of peak trains cancelled due to driver unavailability. In 2000-01 1.6 per cent of peak trains were cancelled due to the unavailability of a driver. In response to this LUL undertook a number of measures, including recruitment of extra drivers and the better management of staff absences that has now delivered the current level of performance.

Figure 6i: Percentage of peak trains cancelled due to driver non-availability 1997-98 to 2004-05
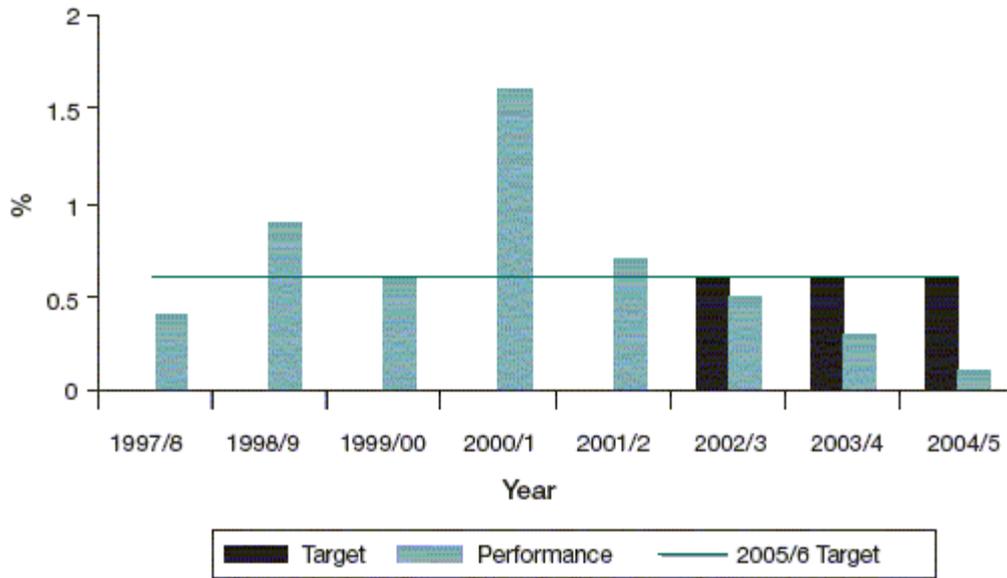
Percentage of schedule operated

6.60 LUL has to date delivered 95.3 per cent of their schedule against a target of 94 per cent. While this does not quite match the performance of 95.5 per cent achieved in 1997-98, this needs to be viewed against a 12 per cent increase in kilometres scheduled with more frequent trains on many lines.

Figure 6j: Percentage of schedule operated 1997-98 to 2004-05
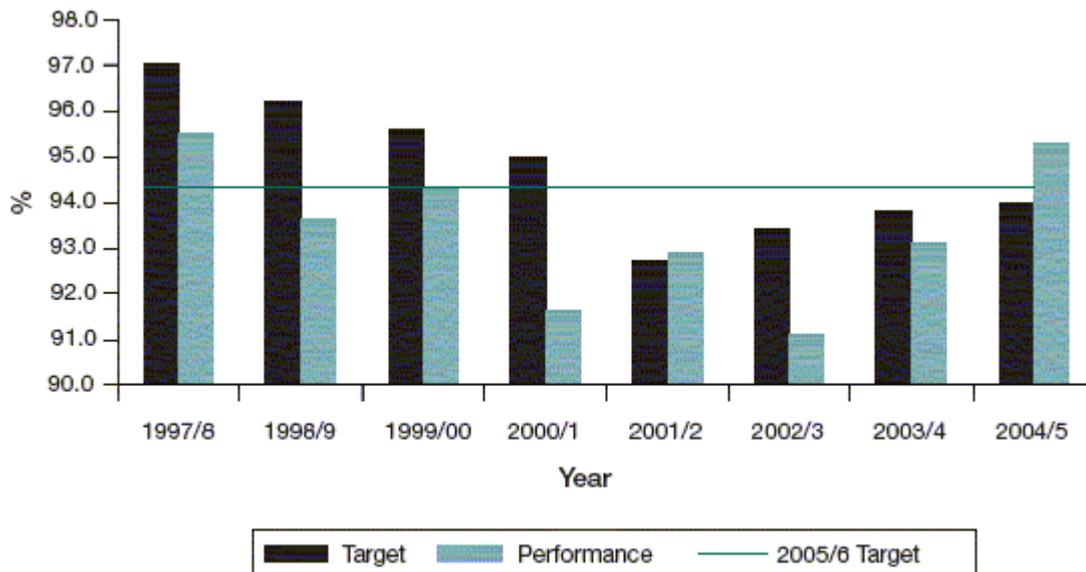
Overall customer satisfaction

6.61 LUL's quarterly customer satisfaction survey for January to December 2005 gave a score of 78 out of 100, making the yearly average also 78. This improves on the previous year's result, and the Government's target for 2004-05, of 76. Compared to the figure of 74 for 1997-98 this represents an increase of 4 points, reflecting the greater emphasis placed on graffiti removal and the cleanliness of trains and stations by both LUL and the infrastructure companies, plus an upward trend in scores for the helpfulness and availability of LUL's staff. The Government's targets for this indicator increase incrementally to 79 in 2010-11, but no targets were set for the years 1997-98 to 2001-02.

Figure 6k: Overall customer satisfaction survey 1997-98 to 2004-05
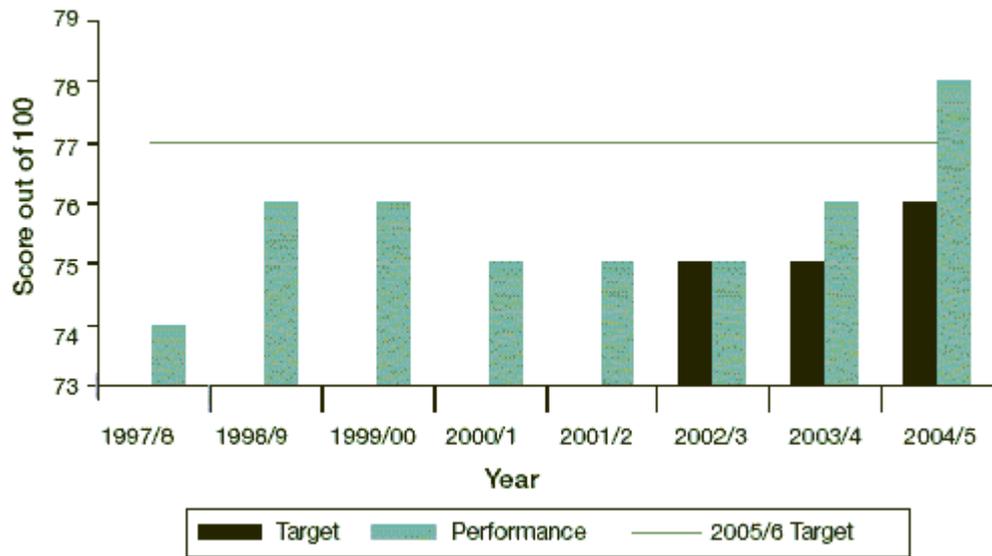
6.62 The surveys can also be broken down into individual categories over the previous quarters.

Figure 6l: Customer satisfaction scores by service group[35]

			2003-04			2004-05	
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2 Qtr 3	Qtr 4
Overall	78	75	75	78	78	76 78	78
Train service	77	76	75	77	78	76 77	77
Safety and Security	81	80	79	80	81	80 81	81
Staff helpfulness and availability	73	74	75	76	76	74 74	76
Cleanliness	71	71	71	72	73	72 73	73
Information	79	77	78	78	78	77 78	78

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[35] Customer satisfaction survey scores out of 100.

6.63 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 the 2003-04. Patronage is expected to increase to 84 million journeys by 2009.

Figure 6m: DLR patronage 1996-97 to 2004-05
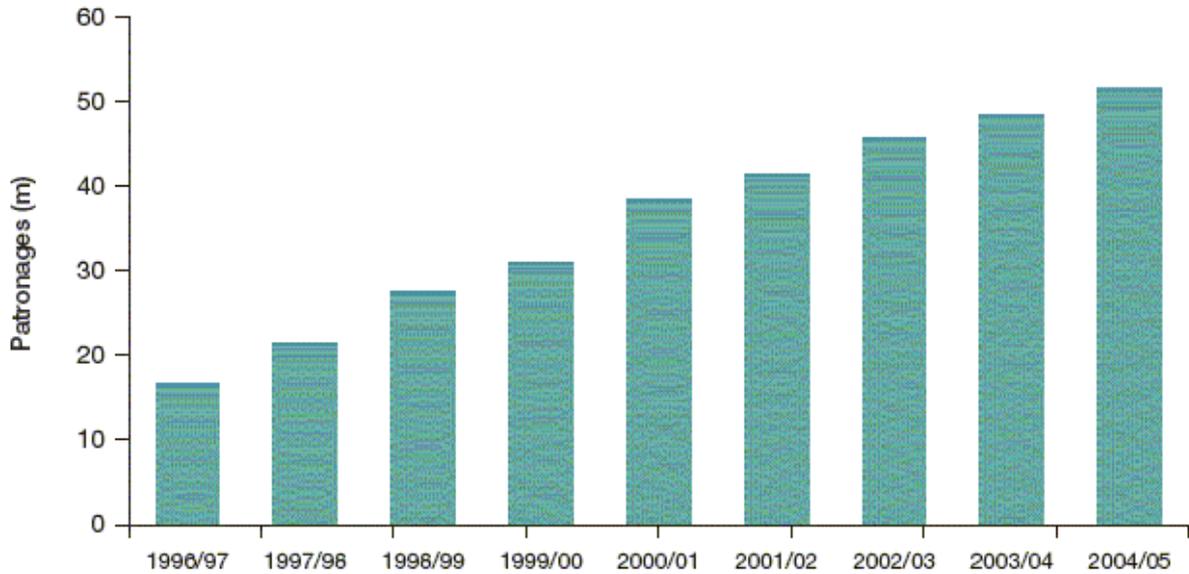
6.64 Construction continues on the extension to London City Airport, due to open in late 2005. Powers were also obtained for an extension to Woolwich, with a planned completion by 2008. The reliability figures (98 per cent) achieved during 2004 was the highest ever recorded, and passenger satisfaction 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.

Chapter 7 - Aviation and Shipping

Aviation

7.1 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.

7.2 In delivering our objectives, we depend on and work closely with a range of partners and stakeholders, including the Civil Aviation Authority, National Air Traffic Services (NATS), the aviation industry, other Government Departments, the European Commission, international organisations (eg the International Civil Aviation Organisation (ICAO); the European Civil Aviation Conference (ECAC), and Eurocontrol) and other countries, both within the EU and around the world.

7.3 The volume of air travel has increased in recent years, with passengers at UK airports up from 32 million in 1970 to 200 million in 2003. 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.

7.4 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 - *The Future of Air Transport* would permit about 470 million passengers by 2030.

Figure 7a: Number of passengers at UK airports 1970 to 2002
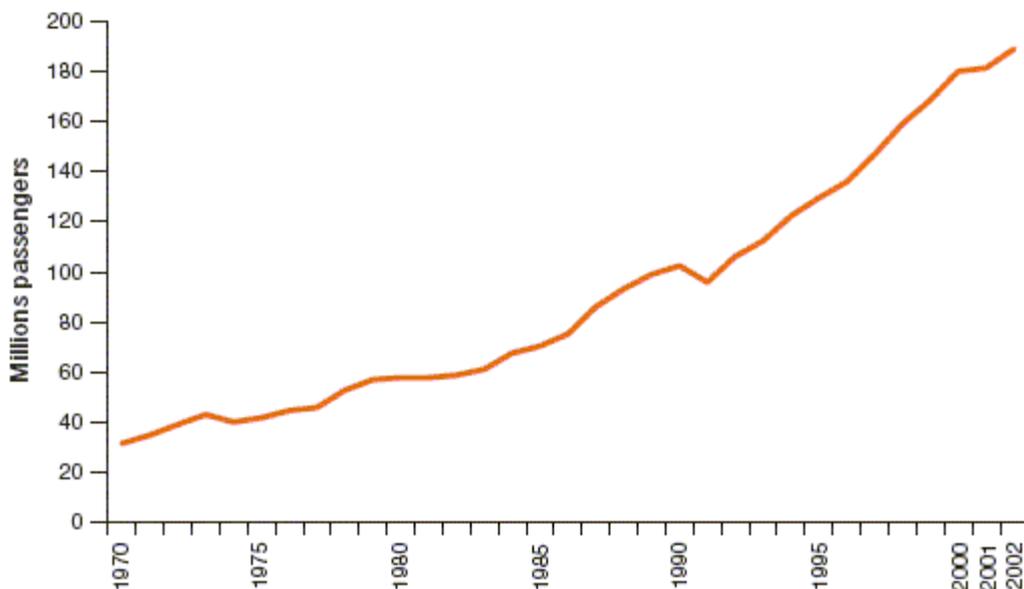
Air Transport White Paper

7.5 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 White Paper. We shall continue to engage with them, both directly and through the Government Offices in the English regions, and

alongside the Devolved Administrations and the Northern Ireland Administration in other parts of the UK.

7.6 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.

7.7 Work to deliver the Air Transport White Paper commitments is being taken forward across a number of different areas.

Stansted

7.8 The Air Transport White Paper 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 (2011 or 2012). BAA is committed to delivering this challenging project and has a large team in place taking forward the work.

7.9 As a first step in this process, an order to revoke the statutory limit on Passenger Air Transport Movements at Stansted came into force on 17 July 2004. The responsibility for this now lies at the local level with the local planning authorities.

7.10 The second step is the submission of a planning application for the second runway (Stansted Generation 2). BAA, as operator of Stansted airport, will be responsible for this. We are working with BAA to address issues arising from an eventual planning application, including the provision of adequate surface access links to an expanded airport. The development of the airport has wide-ranging implications, particularly on the road and rail networks.

Project for the sustainable development of Heathrow

7.11 Over the past year, we have also taken forward the commitment made in the Air Transport White Paper to institute an urgent programme of work in connection with Heathrow. This is to examine how to make the most of Heathrow's two existing runways and whether it might be possible to add a short third runway as soon as possible after a new runway at Stansted, consistent with the strict conditions on air quality, noise and surface access. We are working with the airport operator and other relevant bodies and agencies to assess the prospects for meeting these conditions.

7.12 Key aspects of the work include the launch of a study by BAA and NATS into the feasibility of introducing 'mixed mode' operations at Heathrow; and the establishment of three panels of technical experts on air quality issues. The panels are advising on improvements to modelling tools and data, and have recommended some additional research and monitoring around the airport which has been put in hand. We are also examining, with BAA and others, options for improving surface access to the airport to support any future development.

7.13 This work programme will extend into 2006 with a view to informing decisions in time for the White Paper progress report promised by the end of that year.

Legal challenges

7.14 There were three legal challenges to the Air Transport White Paper which were heard in December 2004 and January 2005. The Government was successful in the case brought by Persimmon homes in relation to Gatwick airport, which was held in January this year. In the cases brought by Essex et al and Wandsworth *et al*, the judge upheld the legal basis of the White Paper and the Government's support for two new runways in the South East subject to minor qualifications. This judgment is currently subject to appeal.

Master plans

7.15 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 Air Transport 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 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.

7.16 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 at the end of the year.

Regional airports

7.17 The Air Transport 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.

7.18 In November 2004 the Northwest Development Agency took up the White Paper's invitation and launched the first English Fund. Other regions are actively considering doing so. Over the course of the year several new routes have been attracted to Scotland and Northern Ireland with the support of RDF funding, greatly contributing to a major improvement in international connectivity.

7.19 Concurrently, 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

Public Service Obligations (PSOs)

7.20 We have successfully consulted on clarifying the circumstances in which the Government would intervene to protect a regional air service to London. We were pleased with the number of responses we received and copies of all non confidential responses along with a report summarising them can be found on our website. The Department is now analysing responses in preparation for finalising the guidance.

7.21 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

7.22 We have continued to work within the EU to introduce a transparent, market based approach to slot allocation. The European Commission consulted on different market-based options in autumn 2004 and we, in consultation with other government departments and UK stakeholders, responded strongly in favour of formalising the trading of slots and investigating how new capacity, resulting from, for example, a new runway, could be allocated through an auctioning mechanism. The response is available from our website.

7.23 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.

The Civil Aviation Authority (CAA)

7.24 The Department sponsors the CAA, the UK's independent aviation regulator. The CAA is the specialist body responsible for all civil aviation regulatory functions (economic regulation, airspace policy, safety regulation and consumer protection). The CAA is required to meet its costs entirely from its charges on those whom it regulates; there is no direct Government funding of the CAA's work.

7.25 The Department has continued to work closely with the CAA's management to identify ways in which the Department's sponsorship of the CAA can continue to be made more effective. We will continue to promote the role of the CAA as an effective regulator and adviser on aviation policy, independent of the Department.

Air traffic management

National Air Traffic Services (NATS)

7.26 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 14 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

7.27 NATS handled a record 2,180,206 flights in UK airspace in 2004, an increase of 4.9 per cent on 2003. The average delay per flight attributable to NATS fell to 25 seconds, compared to 44 seconds in 2003, a reduction of 43 per cent. The number of flights that experienced no delays attributable to NATS rose from 95.2 per cent in 2003 to 97.5 per cent in 2004.

Single European Sky

7.28 The Single European Sky Regulations, which came into effect on 20 April 2004, established the overall regulatory framework necessary for the creation of the Single European Sky. The emphasis is now on developing the supporting legislation necessary to implement the Single Sky. We are continuing to work with the European Commission and other Member States to seek the best outcome for UK aviation stakeholders.

7.29 The first implementing rule to be completed is the regulation on the 'Common Requirements for the provision of air navigation services'. The Government has negotiated successfully to ensure that the new regulation will have much less impact on the many UK-based smaller air navigation service providers than would have been the case if we had simply accepted the original draft put forward by the European Commission in May 2004. The Government is also working also 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.

7.30 A related issue to Single Sky is the proposed Directive on Air Traffic Controller Licensing. The UK is in favour of this Directive which is designed to have a common licence aimed at raising controller standards across Europe as well as enhancing their mobility. Negotiations have at times been difficult due to the need to avoid military controllers coming within the scope of the Directive and because of language and mutual recognition issues. However, a common position on the Directive was agreed in December 2004 and it is expected that, following determination by the European Parliament, it will become law by the end of 2005.

The Northern Oceanic Transitional Area (NOTA)

7.31 On 24 November 2004 the UK and the Republic of Ireland agreed to establish the Northern Oceanic Transitional Area (NOTA) in the Shanwick Oceanic airspace to the north-west of Ireland. It will be introduced in stages from January 2005. Ireland will provide air traffic control and related services in the NOTA while NATS will provide these services in the rest of the Shanwick sector. Regulatory control for the NOTA will transfer from the CAA to the Irish Aviation Authority at a date to be agreed by the regulators.

7.32 The agreement paves the way for increasing co-operation and the progression to more integrated operations between NATS and its Irish counterpart, and gives NATS security of tenure in providing Oceanic air traffic control services for the next 25 years.

Aviation consumer issues

7.33 We have continued to give a strong lead on aviation consumer issues:

The CAA submitted advice to the Government on the financial protection of air travellers in summer 2004. In September, Ministers asked the CAA to carry out further work with us to evaluate the impact of a broader range of options. These options included extending the scope of protection to cover air travel and accommodation arrangements booked on linked internet sites and also stand-alone flights, that is flight bookings made without accommodation or any other service. The work was completed in February 2005.

■ The first year of the operation of CAA's Aviation Health Unit has been successful, with a growing number of enquiries from members of the public and the industry. The unit also investigates new aviation health concerns, reviews research and liaises with the aviation industry and relevant organisations throughout the world.

■ The first phase of the WRIGHT project (World Health Organization Research Into Global Hazards of Travel), partly funded by the Department, investigating possible links between air travel and deep vein thrombosis concluded. Individual research results and the World Health Organization's final report incorporating all elements of the project will be published in mid-2005.

International aviation

7.34 We have continued our programme to liberalise and extend the UK's air services agreements with other countries to the benefit of consumers and airlines. In the past year new or expanded rights have been agreed with Antigua, Cuba, Georgia, India, Iran, Kazakhstan, Malaysia, Mauritius, Mozambique, Peru, Qatar, Sudan and Zambia. The agreement with India represented a particularly important breakthrough, with the relaxation of long-standing limits allowing airlines to more than double their services and opening up new routes.

7.35 The Department has been closely involved in negotiations on a new aviation treaty between the EU and the United States. The UK has continued to work closely with the European Commission and other Member States to secure a balanced and acceptable EU-US agreement that would benefit European consumers and industry. Following the European Transport Council's rejection of the deal currently on offer in June 2004, negotiations were suspended pending the US elections, but are expected to resume later in 2005.

7.36 The Department has worked closely with airlines, other government departments, foreign governments and multilateral bodies on the development of new security and immigration measures, both in the UK and abroad. We have sought to ensure that these measures are well targeted and effective, without having disproportionate effects on the aviation industry or on travellers.

7.37 Information on the Department's work internationally to reduce environmental impacts and to promote aviation safety is provided in Chapters 9 and 10 respectively.
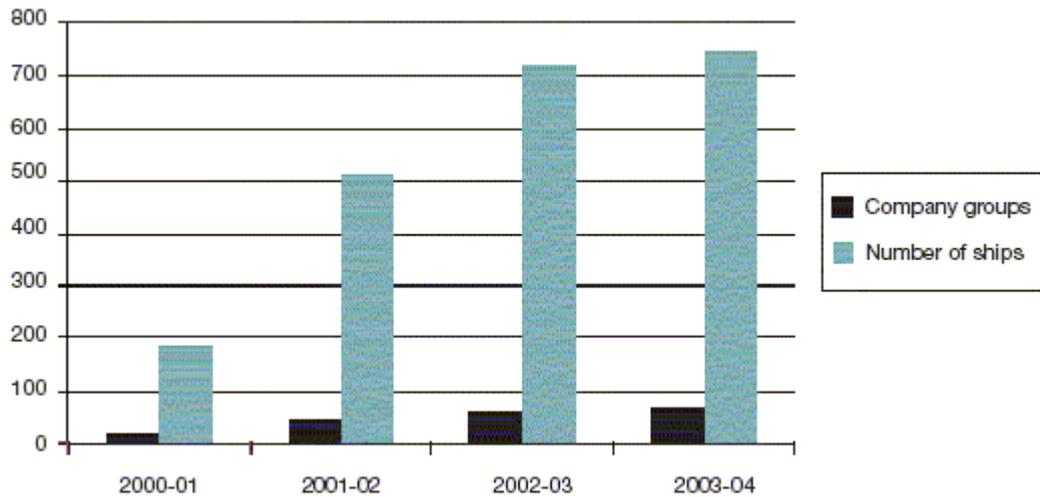
Shipping

UK commercial shipping policy

7.38 The Government's role is to promote successful, safe, sustainable and resilient maritime transport services, domestically and internationally. In delivering our objectives we depend on and work closely with a range of partners and stakeholders, including the Maritime and Coastguard Agency (MCA), the shipping and ports industries, the General Lighthouse Authorities, other government departments, the European Commission, the International Maritime Organisation and other countries, both within the EU and around the world.

7.39 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 12.3 million at the end of September 2004 (see Figure 7c). The introduction of tonnage tax in 2000 has been a major factor in this revival together with registration reforms by the MCA. There has also been a healthy trend in the profile of the register to larger, younger ships.

7.40 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.

7.41 71 company groups are currently active in the tonnage tax scheme, accounting for over 700 ships. Of these, over 50 per cent are UK flagged, although tonnage tax is 'flag blind' (see Figure 7b).

Figure 7b: Company groups and ships in tonnage tax

Figure 7c: The UK shipping fleet 1998 to 2004
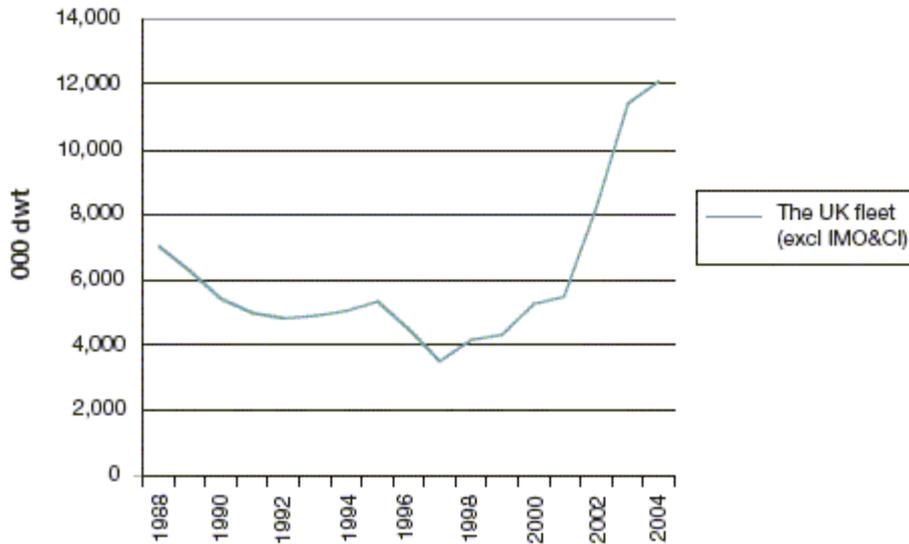
Training commitment

7.42 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 2004-05, comprising elements of the commitment for the previous two years, is for over 1,200 trainees.

Post-implementation review

7.43 A post-implementation review of tonnage tax was published on 21 December 2004 and includes the following points:

- Proposals for improving the employment environment will be taken forward by a sub-group of the Shipping Task Force. This group was established to oversee the implementation of the Government's shipping policy and comprises representatives of the maritime trades unions, the Chamber of Shipping, the MCA and DfT officials. Ministers have recently extended the remit for the group so that they can work on this important part of the review.

- There will be a new window of opportunity for companies to enter tonnage tax between 1 July 2005 and 31 March 2006.

- Aggregate carriers and North Sea specialist vessels will now qualify for inclusion (with certain flagging conditions).

- Under certain conditions, new ships entering tonnage tax will be required to be registered on the flag of an EU Member State.

Counter pollution and safety measures

7.44 The innovative use of underwater remotely operated vehicles (ROVs) proved to be successful in finding the cause of the loss of the Gaul. The Department-funded survey of the wreck saw small ROVs penetrate deep into the hull of the sunken trawler to obtain video images of the openings that had allowed water to enter its factory deck. The findings were announced in December 2004 when an independent report was produced into the loss of the fishing vessel. It was concluded that the crew of 36 died in February 1974 when the vessel lost stability and sank during a storm because of flooding of the factory deck.

7.45 Offshore wind parks will 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

the Department has established a forum for developers and nautical stakeholders to help shape Government policy.

7.46 The Department continues to seek appropriate measures to protect the marine environment and to increase awareness of environmentally sensitive areas around the UK coast which are potentially at risk from shipping. In October, the Western European Waters Particularly Sensitive Sea Area (PSSA) which includes much of the UK's seas and coasts was formally adopted by the International Maritime Organisation. Tankers carrying heavy grades of oil in this area will be subject to a reporting regime.

7.47 The Department is also playing an active role in negotiations on the European Commission Directive on ship source pollution and sanctions which aim at ensuring that Member States apply effective, proportionate and dissuasive sanctions for pollution by oil or noxious liquid substances from ships.

7.48 Maritime affairs will be a topic for the UK's European presidency. Preparations have involved close co-operation with Member States holding the Presidency recently and over the near future, namely the Netherlands, Luxembourg and Austria.

7.49 Centenary celebrations for the *Entente Cordiale* were marked during a live search and rescue exercise off the Kent coast in September. The event demonstrated the close co-operation that exists between British and French maritime emergency services under the co-ordination of HM Coastguard.

Ports and navigation

7.50 In 2000, the Government published the first policy review of the UK ports sector for over 20 years *Modern Ports: A UK Policy* which aims to promote a successful, sustainable and safe ports sector. Specifically promoting:

- UK and regional competitiveness;

- high nationally agreed safety standards; and

- the best environmental practice.

7.51 The UK ports industry continues to thrive: our ports industry is the largest in Europe by tonnage (556 million tonnes) with over 50 million passengers. 95 per cent of our international trade is via UK ports with around 120 commercially active and diverse ports. Over 25,000 people are directly employed and many more thousands indirectly.

7.52 Figure 7d shows rising import tonnage more than offset by recently falling export and domestic tonnage (and an overall fall in tonnage since 2000). 54 per cent of exports and 62 per cent of domestic traffic are crude oil and oil products.

Figure 7d: UK port traffic 1990-2002
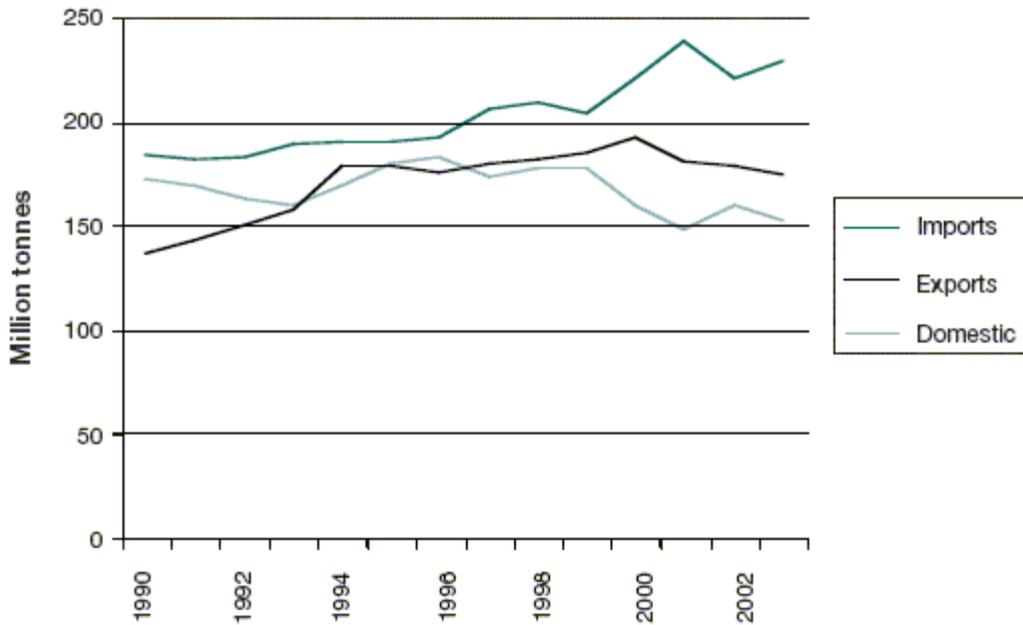
7.53 During 2004-05 the Government has been assessing a number of proposals for the major expansion of container port capacity.

7.54 In April 2004 the Department announced the decision not to approve the proposed container port development at Dibden Bay near Southampton. This was in line with the Government's sustainable development policy. Public inquiries into two further container port developments, at Bathside Bay and Felixstowe South, were completed in 2004.

7.55 Continuing the moves towards better regulation, the Department transferred its responsibilities for Coast Protection Act consents for marine works to the Department for Environment, Food and Rural Affairs' Marine Consents and Environment Unit. This helps streamline the marine consents process and avoids duplication of effort for applicants and consultees.

7.56 For the start of 2004-05 we announced the third successive cut in light dues rates. The General Lighthouse Authorities (GLAs) have achieved significant savings through increased efficiency and this is continuing with depot rationalisation and more efficient use of the fleet.

7.57 In October 2004 two of the GLAs, Trinity House and the Northern Lighthouse Board, jointly awarded a £38 million contract for three new ships to modernise and streamline their operations in providing aids to navigation around the coast of Great Britain.

7.58 During 2005-06, and until resolution, the Government will take a lead role in working for a satisfactory and proportionate outcome following the European Commission's publication of a revised proposal for a Directive on Market Access to Port Services.

7.59 Following the commitment in *The Future of Transport,* we will be reviewing our policy framework for ports to ensure that we continue to have the right basis for their sustainable development, in the light of decisions expected to be made later in 2005 on the outstanding proposals for major port development.

7.60 We are preparing the ground for the necessary consultation exercise and we have commissioned two economic studies to inform this work, on forecasting of the demand side of port traffic through to 2030, and on transhipment, via UK or continental ports, aiming to identify the costs and benefits it brings to the UK economy.

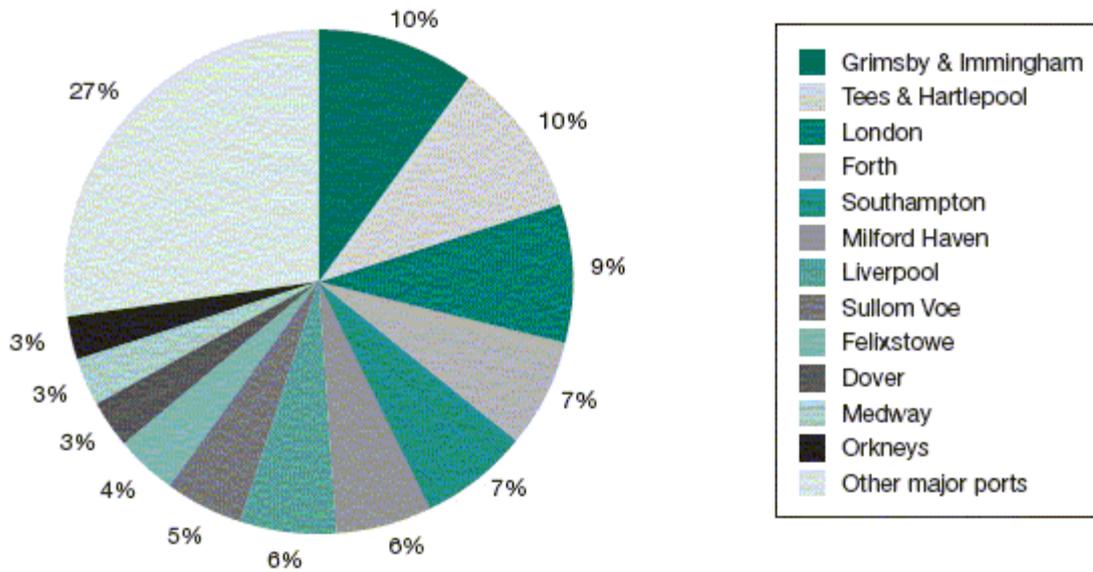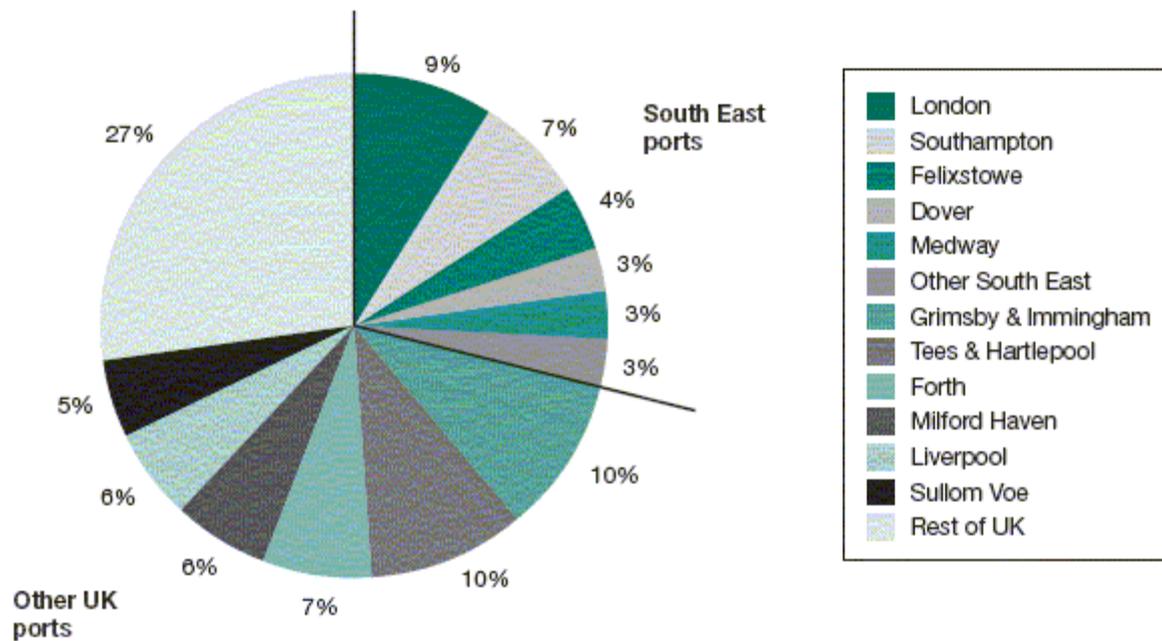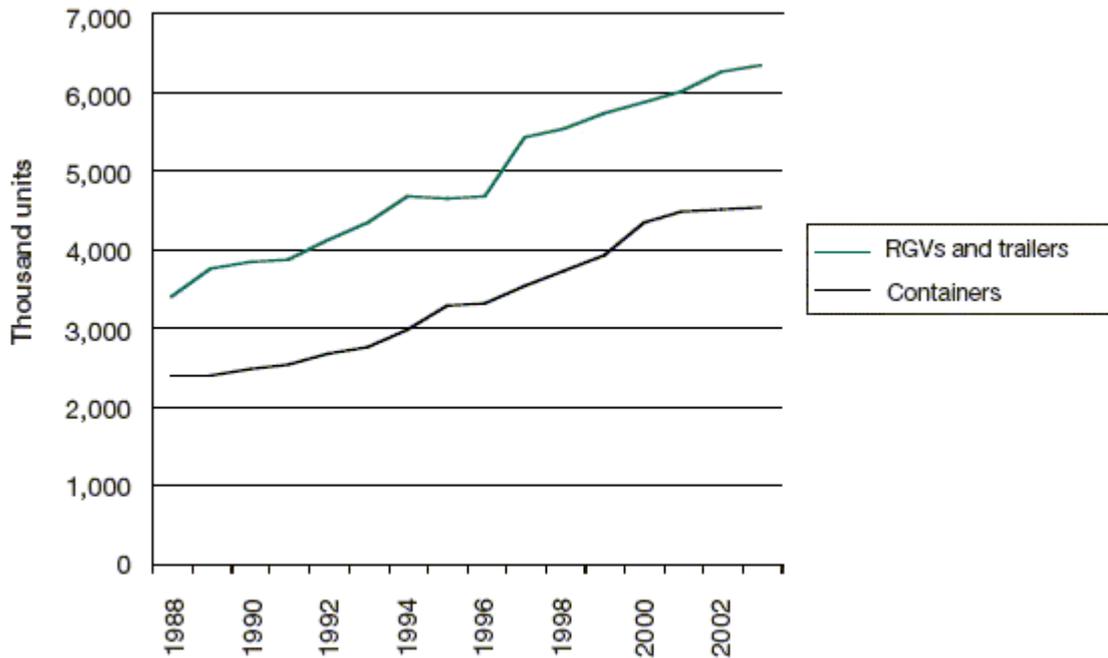**Figure 7e: UK major ports - share of traffic 2003**

Figure 7f: UK major ports traffic by percentage of tonnage 2003

7.61 Figure 7g shows the growth market areas, roll on roll off (RoRo) and containers, which highlight capacity and utilisation issues.

Figure 7g: UK Port traffic - roads goods vehicles and containers 1998 to 2002

Galileo

7.62 The Department has the Government lead, with the British National Space Centre, on Galileo, the European global satellite navigation programme. Galileo is being developed by the EU under the TENS programme in partnership with the European Space Agency (ESA). The Department is funding about a third (£20 million over four years) of the UK contribution to the first phase of the project in ESA. An EU PPP is being negotiated for the operational phase.

7.63 Galileo will be complementary to the existing US global positioning system (GPS). When operational after 2008, it will provide a more accurate and reliable service, enabling a greater range of applications. UK companies are involved in building the test satellites, with the first launch due in 2005. UK industry is also well placed for benefiting from the operation of the system. The wide potential range of applications, not limited to transport, includes guidance, signalling and fleet management for all forms of transport, interactive search and rescue services, and individual navigation devices and facilities linked to mobile telephones.

Useful website addresses

Aviation
www.dft.gov.uk/aviation/projectheathrow

Civil Aviation Authority
www.caa.co.uk/homepage.aspx

Chapter 8 - Freight

The Government's role and objectives for freight transport

8.1 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. Unlike for passenger transport, the Government does not secure or purchase freight transport services. Our role is to ensure that goods can be moved freely, reliably and efficiently, while minimising the impact on safety, the environment and other transport users.

How we have performed against our objectives

8.2 This Chapter sets out progress made this year in facilitating the continued development of a competitive and efficient freight sector, while reducing the impact of freight movement on congestion, safety and the environment.

8.3 *The Future of Transport* reaffirmed the Government's policy for promoting the sustainable distribution of goods and set out a number of areas where action would be taken. During 2004-05 progress was made in a number of areas.

Regulation

8.4 The Department has concentrated its efforts on achieving proportionate regulation that is appropriately enforced to protect society without stifling business.

National and international regulation

8.5 Regulations were made to implement EU law applying working time rules to commercial vehicle drivers and other mobile workers. Following a full consultation on how the flexibilities under the Directive should be used, the Department consulted on the text of the Regulations themselves, and on the draft guidance.

8.6 The Department has also been active in international negotiations, especially in the EU, to seek to ensure that any new regulation is proportionate and effective. In June 2004 the EU Council of Ministers reached agreement on adjustments to rules governing driving time and enforcement levels. This included text to address shortcomings in earlier EU legislation requiring the introduction of digital tachographs.

Local and regional regulation

8.7 The Department has continued to engage with local authorities to encourage sustainable distribution at a local and regional level. We have helped to facilitate dialogue between local authorities and freight transport providers and their customers through Freight Quality Partnerships.

8.8 The Department has also established a working group with local government and the freight and retail sectors to consider how local regulation can be used to promote sustainable distribution. The first priority is to look at barriers to night-time deliveries, which can reduce congestion and pollution. The industry has completed some survey work to assess the scale of night-time delivery restrictions, and next year's work will concentrate on developing approaches that would allow more flexible delivery patterns that give local people the benefit of fewer lorries on the roads at rush-hour while minimising any disturbance to them.

Enforcement

8.9 The Department undertook a full consultation exercise on its proposals to introduce a system of graduated fixed penalties for commercial vehicle related offences. This included proposals to require

deposits at the roadside from offending overseas hauliers, which would remedy the current situation where they can all too easily avoid paying fines and penalties. The consultation indicated widespread support for the proposals, which were reflected in provisions in the Road Safety Bill. Although the Bill completed its Commons stages in March 2005 and was introduced into the House of Lords it did not complete all stages in that House and consequently the Bill did not achieve Royal Assent before Parliament was dissolved. The Government however remains committed to the introduction of a graduated fixed penalty and Deposit scheme and these measures are contained in the new Road Safety Bill that was introduced in the House of Lords on 24 May.

The Lorry Road User Charging (LRUC) scheme

8.10 The Department has continued to contribute to the work being undertaken by HM Revenue and Customs to develop an LRUC scheme. A key objective of the LRUC is to ensure that all lorry operators, regardless of nationality, pay towards the costs they impose in the UK.

Promoting sustainable freight

8.11 The Department believes that non-regulatory measures can make a significant contribution towards its sustainable distribution objective. It 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.

Promoting sustainable road freight

8.12 Following the success of the sustainable road freight projects funded through the Road Haulage Modernisation Fund, the Government made available a further £3 million in 2004-05 to fund:

■ a further phase of the Driver Training programme to promote and embed Safe and Fuel Efficient Driving (SAFED) techniques. During 2004-05, 2,500 drivers were trained to drive in a more fuel-efficient way, helping them save some 9 per cent of their fuel bills worth over £2,000 per annum. One hundred instructors were also trained to be able to give the necessary tuition, in order to help maximise the benefits from the funding provided. The total 6,000 drivers trained to date are estimated to be saving about 17,000 tonnes of diesel per year worth £13 million, as well as reducing accidents and vehicle wear. Also, 50,000 copies of the SAFED guide were distributed via the instructors;

■ a further phase of the Fuel Economy Advisor programme to promote more fuel-efficient operations. The programme completed 2,700 seminars disseminating and embedding best practice. In addition detailed site specific advice was provided for 500 small and medium sized operators. Applying a range of techniques including vehicle aerodynamics, more energy efficient tyres, fleet management, routeing and planning etc, can typically save 5-10 per cent of an operator's fuel bill;

■ a further phase of training for 500 drivers using the truck driver simulator and a world class cohort study to better evaluate the training potential of this new technology has been welcomed by experts around the world;

■ a further phase of the Respect for People project to provide a framework of standards for good employment practice in the road haulage sector. The project has been welcomed by the industry as a contribution to tackling barriers to recruitment and retention;

■ the development of a careers website that has helped to raise the industry's profile and draw attention to its opportunities; and

■ the completion of training of 1,200 candidates for heavy goods vehicle (HGV) licence acquisition, with over half of these being funded through to achievement of their Logistics Skills Award.

Sustainable distribution research

8.13 Through its contractors the Department has continued to research and publish new material to help the industry be more competitive and reduce its environmental footprint. A total of six case studies, ten guides, three research studies, two newsletters and a booklet of driver safety tips have been produced. Highlights include:

- the *Freight Future* newsletter, published in April and September with 90,000 copies of each distributed to inform the industry of the latest research results. Other dissemination activities included regional events, conferences and a presence at the annual Commercial Vehicle show;

- the *Small Fleet Performance Management Tool* developed for us by the Freight Transport Association, which is helping smaller operators measure, manage and improve performance;

- the *Pallet Network Benchmarking Guide*. A survey of 17 fleets in the Pallet Network sector helped pallet operators to identify improvement opportunities;

- the *Vehicle Specification Good Practice Guide* to provide an independent and authoritative tool to help truck buyers invest for the lowest whole life cost to maximise competitiveness and generate demand for better equipment;

- *integrating transport and e-logistics*, led by Cardiff business school with industrial partners including Tesco, Princes Food and the Road Haulage Association. This project showed how academic research, value chain analysis and e-commerce can be applied to improve supply chain efficiency, reduce costs and improve service levels. A research council award is funding further work in this area;

- *reverse logistics* - a feasibility project by Cranfield University, supported by a conference, identified opportunities to manage better the £500 million of retail goods returned to retailers and the wasted freight movements involved. A further contract to research solutions has been awarded;

- *logistics of waste* - a two-stage project led by the University of Southampton to understand and improve the sustainability of collecting and disposing of different waste streams. Working with Defra we expect this work to help local authorities reduce collection costs while reducing congestion and emissions caused by refuse vehicles; and

- the *Engineering and Physical Sciences Research Council (EPSRC)* - a consortium of Universities has been invited to submit a proposal for a four-year programme of EPSRC funded research into sustainable distribution. With their industrial partners and DfT involvement this is a major step towards understanding and implementing the Department's objectives in this area whilst supporting the long-term supply of academic research to underpin future policy developments.

8.14 Figures 8a and 8b show that freight traffic, whether measured in overall tonne kilometres or lorry kilometres, has not been rising in line with GDP in recent years. This suggests that businesses have been finding more efficient ways to transport their goods, with consequential benefits in terms of less congestion and pollution.

Figure 8a: Freight intensity for the period 1953 to 2003
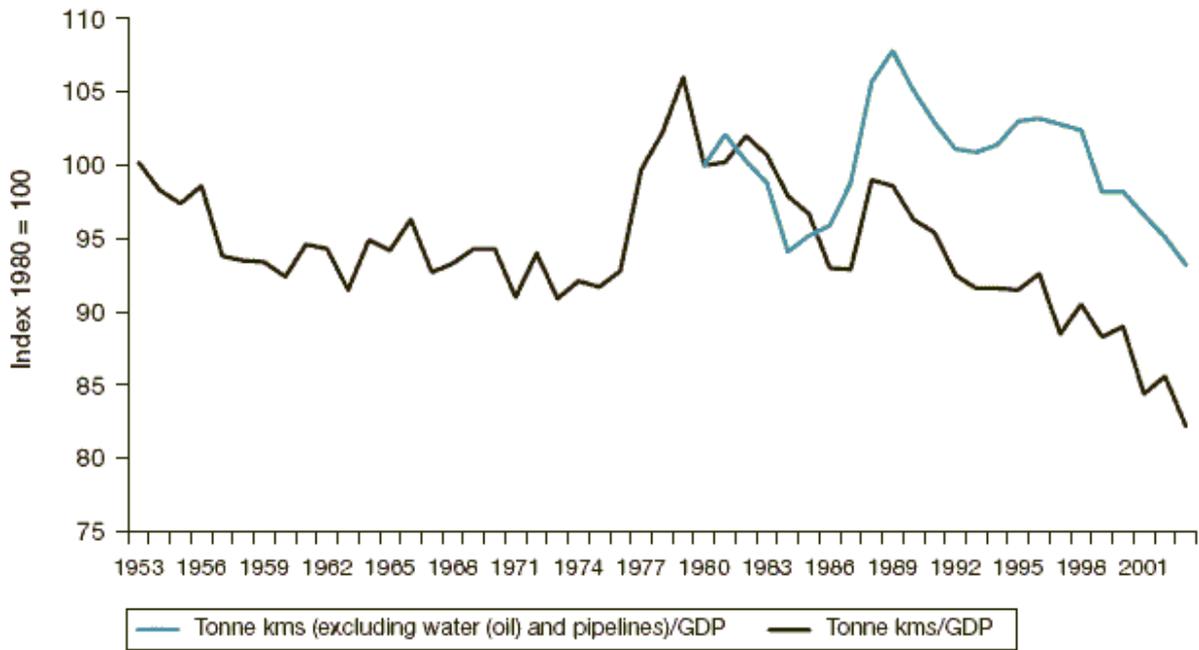
Figure 8b: Lorry traffic intensity 1953 to 2004
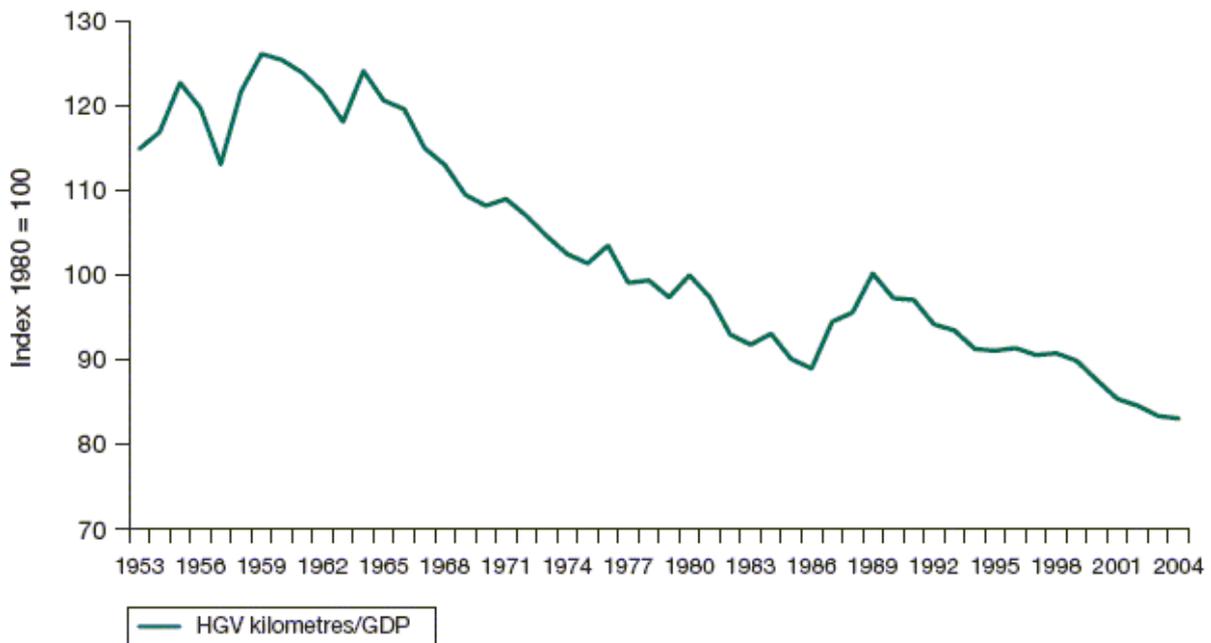
Rail Freight

8.15 During 2003-04 freight moved by rail totalled 18.9 billion net tonne kilometres, compared with 18.7 billion the previous year, an increase of approximately 1 per cent.

8.16 The Rail White Paper *The Future of Rail*, detailed a number of policies aimed at providing increased stability for rail freight operators, enabling them to secure commercial contracts and helping to incentivise investment by both operators and their customers. In addition, the Railways Act will give to the devolved administrations additional powers to support rail freight.

8.17 Company Neutral Revenue Support (CNRS) is aimed specifically at intermodal container traffic. The CNRS grant scheme helps fund the difference in cost between rail and road freight, where the environmental and other benefits justify the support. It is forecast that £22.4 million will have been allocated in 2004-05.

8.18 The Track Access Grant (TAG) was set up in 1996 and is provided to aid freight train operators meet the charges for access to the network. £1.6 million will be spent through TAG in 2004-05. 8.19 It is estimated that the total amount of lorry trips removed from the road network as a result of grants approved through CNRS and TAG in 2004-05 is 845,000 (640,000 CNRS and 205,000 TAG).

Water freight

8.20 Freight traffic on inland waterways totalled 1.6 billion tonne kilometres in 2003, the latest year for which figures are available. This compares with 1.7 billion tonne kilometres in 2002. Coastal freight movements totalled 33.3 billion tonne kilometres in 2003 (35.1 in 2002).

8.21 The Department has provided start-up funding to Sea and Water, a new industry body that brings together players in the inland and short sea shipping industries with the purpose of promoting freight on water.

8.22 The Department has been actively engaged in negotiations to develop European 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. The Department consulted the UK industry on the Commission's proposals for funding the Sea Motorways projects as part of the Trans European Network for transport.

Figure 8c: Logistics spending 2001-02 to 2007-08 - £ million

Logistics programmes							
	2001-02 Outturn	**2002-03 Outturn**	**2003-04 Outturn**	**2004-05 Estimated outturn**	**2005-06 Plans**	**2006-07 Plans**	**2007-08 Plans**
A. Sustainable distribution research and Best Practice Programme [36]	**0.6**	**1.3**	**1.1**	**1.2**	**1.6**	**1.6**	**1.6**
B. Road Haulage Modernisation Fund (RHMF) and follow up programmes [37] [38] [39]	**8.0**	**11.6**	**8.9**	**2.6**	**1.5**	**1.5**	**-**
C. Modal shift grants	**13.4**	**5.9**	**8.7**	**4.0**	**33.0**	**33.6**	**-**
Rail Grants total [40]	-	-	-	-	25.9	24.5	-
Water Freight Grants	13.4	5.9	8.7	4.0	7.1	9.1	-
Total RHMF plus facilities grants (B+C) [41]	**8.0**	**17.5**	**17.6**	**6.6**	**34.5**	**35.1**	**22.6**
D. Aggregate Levy Sustainability Fund (ALSF) [42]	**-**	**-**	**-**	**0.2**	**4.0**	**4.0**	**-**

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[36] Includes the Transport Energy Best Practice Programme and Sustainable Distribution Research.

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

[38] RHMF expenditure for England only.

[39] Figures for 2005-06 and 2006-07 are estimated totals. Decisions yet to be taken on which projects should be funded.

[40] From 2005-06 Rail Freight grants will be administered by DfT. Figures prior to 2005-06 can be found in Figure 4d in Chapter 4.

[41] Figure for 2007-08 represents total funding for mode-neutral "Sustainable Distribution Fund" which will bring together funding for any items under sections under sections B and C.

[42] Available funding, with actual spend subject to demand. The future of the ALSF will be reviewed before the end of 2006-07.

Modal shift programmes

8.23 In *The Future of Transport* the Government signalled its intention to move towards a mode-neutral way of allocating funding in support of sustainable distribution. The Department announced in February the new arrangements to apply to rail and water freight grants, and road haulage schemes. When the arrangements are fully implemented, in 2007-08, funding will be prioritised in accordance with the benefits it is 'buying' in terms of mitigating congestion, pollution and accidents. As the Strategic Rail Authority (SRA) functions are brought within the Department, the rail and water freight grant teams will be merged to manage what will become the Sustainable Distribution Fund.

8.24 The Department continues to administer the water freight grants schemes. During 2004-05, the Department awarded grants worth some £6.3 million (most of this spend will fall in future years). These grants will save around 9.8 million lorry miles.

The Aggregate Levy Sustainability Fund (ALSF)

8.25 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 has been awarded up to £10 million over three years to focus on mitigating the environmental effects of aggregates transport, principally dust, dirt, noise, vibration, traffic and congestion.

8.26 During the year the Department started to make use of this funding by introducing a driver development training scheme similar to the earlier RHMF scheme (which helped hauliers reduce fuel consumption) but tailored to the aggregates sector.

8.27 Next year ALSF funding will be available to support Freight Facilities Grants to encourage the modal shift of aggregate transport from road to rail or water. These grants will be managed alongside the existing grants programme. Funding will also be available to support best practice advice to road haulage operators in the aggregates sector.

Dangerous goods

8.28 For freight classified as dangerous in transport, including radioactive material, new Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations came into force in May 2004 and consultation was undertaken on amending the regulations needed to update these regulations to align with the latest biennial revision of EU Directives on the transport of dangerous goods by road and rail. 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, these provisions include requirements for the security of dangerous goods in transport, the development of which was largely led by the UK. 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.

Chapter 9 - Protecting the environment

9.1 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. This means seeking solutions that meet 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.

9.2 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 and sustainable development, through the regular meetings of Ministers and senior officials, as well as day to day at the working level. Our progress will be measured against the key headline indicators in the UK Sustainable Development Strategy.[43]

9.3 The following sections of this Chapter summarise the work the Department is undertaking to:

■ reduce emissions from transport that contribute to poor air quality and climate change, both of which are the subject of a Public Service Agreement (PSA) target;

■ encourage the use of cleaner vehicles and fuels;

■ reduce noise pollution from road and air traffic; and

■ integrate transport and land use planning.

Air quality

9.4 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 (NO_2), particles (PM_{10}) and sulphur dioxide (SO_2). These objectives are set out in the Air Quality Strategy for England, Scotland, Wales and Northern Ireland.[44]

9.5 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. Nonetheless, the *'Evaluation of the Air Quality Strategy'* report published in January 2005 by Defra (the DfT was involved in the study) shows 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. 9.6 The air quality headline indicator (one of the Government's sustainable development indicators) provides a broad view of air quality in the UK and records the number of days of 'poor' air pollution. Provisional results for 2004 show that air quality returned to the low pollution levels of recent years with an average of 22 days of poor air in urban areas compared to 50 in 2003. The long-term trend is of improving air quality.

9.7 Our preliminary national assessment of results in 2004 indicates that last year we continued to meet the 2003 objectives for carbon monoxide, benzene and 1,3-butadiene, and that we also achieved the objective for lead, which had a compliance date of 31 December 2004. However, a number of local authorities have declared Air Quality Management Areas for the SO_2 and PM_{10} 2004 objectives, as well as NO_2 2005 objectives. Those authorities are currently developing Air Quality Action Plans

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[43] Securing the Future: delivering UK sustainable development strategy, published March 2005.

[44] 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

to tackle the problems identified. Where appropriate, these action plans will now form part of LTPs, and air quality will be assessed as one of the key priority areas in local transport planning.

9.8 Modelling shows that, although the vast majority of the country will meet these objectives, there will be some areas (mostly urban and busy roadside locations) where, with present policies and technologies, it is likely that we will not achieve the objectives for NO_2 and PM_{10} by the relevant dates (2005 and 2010 respectively).

9.9 In order to move us closer to our PSA target and the Air Quality Strategy objectives, the Department is working with Defra, other departments and key stakeholders on the review of the Strategy, which will focus on measures to reduce levels of NO_2 and PM_{10}. A detailed cost-benefit analysis of a short-list of possible additional measures is currently underway. These measures, which include transport measures, are also expected to generate 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 planned for summer 2005, with publication of the report due later in the year.

9.10 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 each Department, supported by regular meetings between policy owners in the two Departments. As with all PSA targets, performance against objectives is overseen by the Department's Board, who receive regular reports on the overall progress, key milestones, and key risks.

Shipping and aviation

9.11 The Maritime and Coastguard Agency (MCA) has produced and consulted upon legislation to implement a new Annex to the Marine Pollution Convention (MARPOL) to restrict the emissions of certain atmospheric pollutants, including nitrogen oxides, sulphur oxides and volatile organic compounds. 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.

Climate change

9.12 The aim of transport policy is to enable people and goods to move efficiently, but in a way which is consistent with our environmental objectives. Climate change must therefore be a central concern of transport policy, along with other environmental objectives. We are acting to improve the carbon performance of vehicles and fuels, through measures such as fiscal incentives. We are managing the transport infrastructure more efficiently and we are considering the feasibility of introducing road user charging. In addition, we are seeking the inclusion of intra-EU aviation in the EU Emissions Trading Scheme.

9.13 Since 1 April 2005 we adopted shared responsibility for the PSA target on climate change with the Department for Environment Food and Rural Affairs (DEFRA) and the Department for Productivity, Energy and Industry (DPEI). The target is to reduce greenhouse gas emissions 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 below 1990 levels by 2010.

9.14 Estimates suggest that we will meet and do better than the Kyoto target to reduce greenhouse gas emissions by 12.5 per cent by 2008-12; forecasts suggest the reduction will be 21 per cent in 2010. However, we are not on track to meet our carbon dioxide target. Carbon dioxide emissions are currently 4.2 per cent below baseline levels and the forecast for 2010 is 14 per cent, some way short of the 20 per cent target. Figure 9a tracks progress towards these targets.

Figure 9a: Emissions of greenhouse gases: 1990-2012
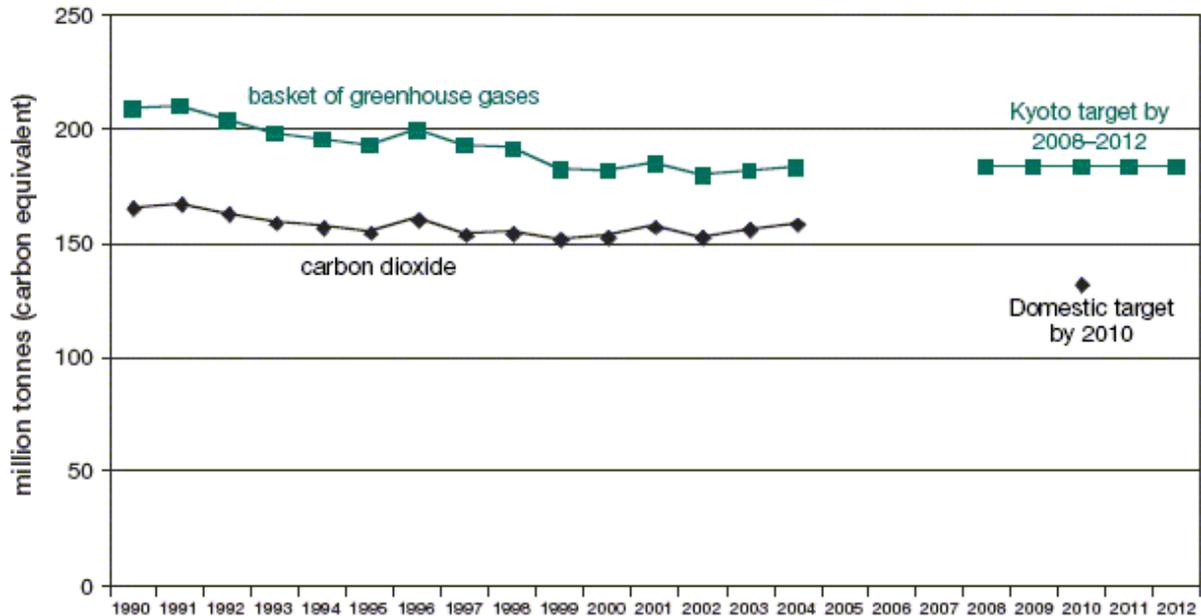
Source: netcen

9.15 Emissions from transport are rising, but at a much slower rate than they would be in the absence of policy measures. Estimates suggest that the combined impact of UK policy measures is a reduction in 15.2 million tonnes of carbon (MtC) over and above what it would otherwise have been in 2010. Of this, transport measures are set to contribute a saving of 4.4 MtC.

9.16 Carbon dioxide emissions from transport rose by 8 per cent between 1990 and 2003. In 2003, emissions from transport represented 23 per cent of the UK's total domestic emissions.

9.17 In addition to the PSA target, the Energy White Paper (2003) sets a longer term goal to put the UK on a path to reduce carbon dioxide emissions by some 60 per cent by 2050, with real progress by 2020.

9.18 The UK Climate Change Programme[45] set out the Government's and the devolved administrations' strategic approach to the challenge of climate change. It was published in 2000 and outlined the policies and measures to reduce emissions across all sectors of the economy through to 2010.

9.19 A review of the Climate Change Programme (CCPR)[46] is currently underway. The initial findings suggest that we need to do more to move towards a 20 per cent reduction in carbon dioxide by 2010. The CCPR is considering new policies and measures to reduce emissions further and the Government sought views on this in its consultation document published in December 2004[47]. The Government plans to publish a revised Climate Change Programme later this year.

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[45] The Climate Change Programme is published at:
http://www.defra.gov.uk/environment/climatechange/cm4913/index.htm#docs

[46] The Climate Change Programme Review terms of reference are published at:
www.defra.gov.uk/news/2004/040915b.htm

[47] Review of the Climate Change Programme consultation paper, published December 2004 at:
http://www.defra.gov.uk/corporate/consult/ukccp-review/

Fiscal measures

9.20 In recent years, the Government has reformed its main vehicle taxation policies to reward the purchase of clean, low carbon vehicles. Drivers of fuel efficient cars now pay lower vehicle excise duty and company car tax, and Enhanced Capital Allowances reward companies for purchasing very fuel-efficient cars.

9.21 In February 2005, the Government announced a fuel efficiency labelling scheme for new cars sold in the UK (see Figure 9b). The colour coded vehicle labels display the same bands as those used for vehicle excise duty and will give prospective car buyers an immediate indication of how much tax they can expect to pay depending on their choice of vehicle. The labels also highlight fuel efficiency, showing motorists how much they can expect to pay in fuel bills in a typical year for a particular car. All 42 car brands in the UK have signed up to the introduction of the voluntary labelling scheme, and the label, which is being produced by the Vehicle Certification Agency, is due to be in all UK car showrooms later in 2005.

9.22 The Government has also introduced fuel duty incentives for clean, low carbon fuels and is committed to maintaining this differential for at least another three years.

Figure 9b: A fuel economy label

Fuel Economy — Ford Fiesta 1.4 TDCi ZETEC

CO_2 emission figure (g/km)

<100	A	
101–120	B	
121–150	C	
151–165	D	
166–185	E	
186+	F	

B 117 g/km.

Fuel cost (estimated) for 12,000 miles
A fuel cost figure indicates to the consumer a guide fuel price for comparison purposes. This figure is calculated by using the combined drive cycle (town centre and motorway) and average fuel price. Re-calculated annually, the current cost per litre is as follows – petrol 76p, diesel 78p and LPG 38p (VCA 2004).

£662

VED for 12 months
Vehicle excise duty (VED) or road tax varies according to the CO_2 emissions and fuel type of the vehicle.

£85

Environmental Information

A guide on fuel economy and CO_2 emissions which contains data for all new passenger car models is available at any point of sale free of charge. In addition to the fuel efficiency of a car, driving behaviour as well as other non-technical factors play a role in determining a car's fuel consumption and CO_2 emissions. CO_2 is the main green house gas responsible for global warming.

Make/Model **Ford Fiesta 1.4 TDCi ZETEC**   Engine capacity (cc): **1399**
Fuel type **Diesel**   Transmission type: **5 speed manual**

Fuel Consumption:

Drive cycle	Litres/100km	Mpg
Urban	5.4	52.3
Extra-urban	3.8	74.3
Combined	4.4	64.2

Carbon dioxide emissions (g/km): 117g/km
Important note: Some specifications of this make/model may have lower CO_2 emissions than this. Check with your dealer.

THE MOTOR INDUSTRY SMMT — LowC VP low carbon vehicle partnership — Department for Transport — VCA

Biofuels

9.23 In April 2004, we consulted on a possible biofuels strategy for the UK. Views were sought on whether to set a future biofuels sales target and how any target would best be delivered. A summary of responses from the consultation was recently published and is available via the DfT website. The Government also announced in December 2004 that it would undertake a feasibility study and consultative process on a possible Renewable Transport Fuels Obligation. Such an obligation might require fuel suppliers to ensure that a set percentage of their aggregate sales were from biofuels or other renewable sources. Current measures in place to encourage biofuels include a 20p per litre fuel duty differential on biodiesel and bioethanol.

Developing and promoting new vehicle technologies

9.24 In July 2002, the Government published its Powering Future Vehicles Strategy (PFV). This outlined our aspiration that the UK should lead the global shift to the low-carbon transport economy. The main objectives of the Strategy are:

- to promote the development, introduction and take-up of new vehicle technologies and fuels; and

- to ensure the full involvement of the UK automotive industry in the new technologies.

9.25 The key target set by this Strategy is for low carbon vehicles (defined as those with tailpipe emissions of 100 g/km of carbon dioxide or less) to account for at least 10 per cent of all new car sales in the UK by 2012. The PFV second annual progress report, published in October 2004, confirmed that, although we are making steady progress, the Government will need to do more if the PFV targets are to be met. We are considering as part of the CCPR the scope for further policy measures to improve the rate of progress in average new car fuel efficiency.

9.26 We have supported the development and market uptake of clean, low carbon vehicles through a suite of TransportEnergy grant programmes. These grants have helped develop the market for cleaner gas powered vehicles, of which there are now more than 100,000 on the road, and we have also supported the uptake of hybrid/electric vehicles. Following a recent consultation, these grants will be revised to incentivise the cleanest cars regardless of the technology or fuel type. The programmes will also be reviewed to ensure they comply with European state aid rules.

Aviation

9.27 The Air Transport White Paper published in 2003 proposes stringent measures to deal with the environmental impacts of aviation. Controlling atmospheric emissions from aircraft is a priority.

9.28 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 took a lead role at the ICAO Assembly in 2004, speaking for the 41 member states of the European Civil Aviation Conference (ECAC). The results of the Assembly give us flexibility to continue to pursue the policies set out in the White Paper - to press for both the inclusion of intra-EU aviation in the EU emissions trading scheme (EU ETS), and the development of an international trading scheme; as well as to explore and discuss options for the use of other economic instruments. States were urged to refrain from the unilateral implementation of greenhouse gas emissions charges prior to the next regular session of the Assembly in 2007. This was acceptable to the ECAC as it represents a realistic time-scale for putting any market-based measures in place.

9.29 The White Paper sets out the Government's aim to work to bring aviation within the EU ETS from 2008, or as soon as possible thereafter. We are pursuing this vigorously.

9.30 The Department is having discussions with various stakeholders to discuss exactly how aviation might be included in the EU ETS, as well as bilateral discussions with major EU Member States. The purpose of these discussions is to gather support for the UK's initiative and to seek views on potential answers to some of the difficult design issues. We envisage this work continuing and intensifying during the UK Presidency of the EU in 2005.

Adapting to climate change

9.31 In addition to reducing greenhouse gas emissions from transport, DfT is also looking at how the transport network might adapt to future changes in the climate. DfT consultants produced a report entitled *The Changing Climate: Impact on the Department for Transport* [48], in April 2004 and the recommendations highlighted in that report are currently being implemented.

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[48] The Changing Climate: Impact on the Department for Transportt report is published at:
http://www.dft.gov.uk/strategy/climatechangeimpacts/dftreport/

Noise

Roads

9.32 One of the measures defined in the White Paper is the reduction and mitigation of the impact of transport noise. The government is committed to resurface 60 per cent of the network with quieter surfacing before 2011. The Highways Agency is committed to using quieter surfacing, as a matter of course, whenever a road needs to be resurfaced as part of its planned maintenance programme. To date, the Highways Agency (HA) has resurfaced some 27 per cent of the total trunk road network with quieter surfacing; rising from a figure of approximately 5 per cent in 2000-01. Included in these figures is the resurfacing of 640 lane kilometres out of a total of 3,000 lane kilometres of concrete trunk roads (ie 21.3 per cent of all concrete trunk roads). It is not only concrete roads that are noisy; existing blacktop (asphalt) surfacing can also be classified as noisy.

9.33 In an announcement in November 1999, the Government published a list of sites that met the stated criteria for further detailed studies into the installation of noise mitigating measures. From the published list of 74 sites, 24 sites have yet to be treated with a further five sites having been transferred to Transport for London (TfL). The remaining sites are programmed to be completed before 2011.

9.34 All major road schemes within the HA's Targeted Programme of Improvements (TPI) include high standards of environmental mitigation, as far as reasonably possible, to ensure that the noise impact (amongst other elements) is minimised. In 2004-05 a total of £3.474 million, from the TPI budget was spent on the installation of noise fencing.

Aviation

9.35 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 2011. Following resolution in December 2004 of a legal challenge, the consultation process continues and a decision is expected later in 2005.

9.36 Working with these airports, and with airlines, air traffic controllers and the CAA, we have completed a review of the joint code of practice which aims to reduce noise from arriving aircraft by promoting continuous descent approach. The next step will be to produce a second edition of the code itself.

9.37 The Government intends that new legislation should be introduced, when Parliamentary time allows, to strengthen and clarify the powers to control noise at airports.

Planning

9.38 There is an important relationship between transport and land-use planning. Effective planning can help reduce both the need to travel and the length of journeys, with associated environmental benefits. It can also secure safer and easier access to jobs and facilities, for example through integration with good public transport and through the promotion of walking and cycling. At the same time, transport helps to shape and support new patterns of development. Spatial planning and transport planning therefore need to be closely co-ordinated; and the planning system needs to be able to respond to the need for new transport infrastructure.

9.39 The Department continues to work with the ODPM on preparing new planning policy statements, and keeping existing planning policy guidance under review, including Planning Policy Guidance (PPG)13 (transport). The Department commissioned a project to investigate the impact of Planning Policy Guidance on travel demand. The aim of the project was to gain a better understanding of:

■ the impact that PPG 13, 3 and 6 have had on travel demand;

- the potential impact that the PPG may have in the future;

- how an appreciation of these impacts could be used to improve the modelling of the relationships between land use planning and travel demand at a strategic level; and

- how such impacts may be monitored in the future.

9.40 The Department will take account of the research's outcomes in its discussions with the ODPM. The two departments are also developing proposals for modernising the planning system, particularly on speeding up the processing of major infrastructure projects. Provisions in the Planning and Compulsory Purchase Act 2004 will facilitate concurrent sessions at public inquiries into major planning applications.

9.41 Changes are also in hand to improve the efficiency of the Transport and Works Act procedures, so as to deliver faster decisions and to cut bureaucracy. New inquiries procedure rules were introduced in August 2004. It is intended to introduce new applications procedure rules by the end of 2005, with new model clauses following in 2006.

9.42 The Department is also playing an important role in the Government's plans for delivering Sustainable Communities. Following Spending Review 2004, the Department and the ODPM are considering bids for a new Community Infrastructure Fund of £200 million for capital expenditure on transport projects in 2006-07 and 2007-08 that will help bring forward the development of new housing in the growth areas.

Chapter 10 - Safety and security

10.1 We want to ensure that people are safe and secure when they use our transport system. Although the risk of fatal accidents on any form of transport is low, we aim to improve safety and security across all modes of transport. The relative risk varies depending on how people choose to travel and there is evidence that public transport is safer than personal motorised forms of transport such as cars and motorbikes.

10.2 In March 2000, the Government issued the Road Safety Strategy *Tomorrow's roads - safer for everyone*, establishing new long term 10 year casualty reduction targets to be achieved by 2010. The strategy set out in 10 main themes the framework for delivering further improvements to Britain's already good road safety record:

- 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 horseriders;

- better enforcement; and

- promoting safer road use.

Road Safety Public Service Agreement (PSA) Target

10.3 The Department's PSA target reflects the strategy, and 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, tackling the significantly higher incidence in disadvantaged communities.

10.4 The latest data reveals continued good progress. In the 12-month period to the end of December 2004, deaths and serious injuries were 28 per cent below the 1994-98 baseline, over half way to the 40 per cent target set for 2010. Child deaths and serious injuries, to the end of September 2004, were 41 per cent below baseline, over threequarters of the way to the child target for 2010. The latest annual data are contained in the full report *Road Casualties Great Britain 2003*, available on the Department's website.

10.5 This represents good progress. Experts in the field comment however that there have always been a proportion of non-fatal accidents which are not reported to the police, and have suggested that the level of under-reporting may have increased in recent years. The Department is carrying out research to investigate whether this is so. The police data for the full year 2004 is expected to be available later in 2005.

Figure 10a: Road deaths and serious injuries 1991-2003 as a percentage of baseline averages for 1994-1998 (in Great Britain)
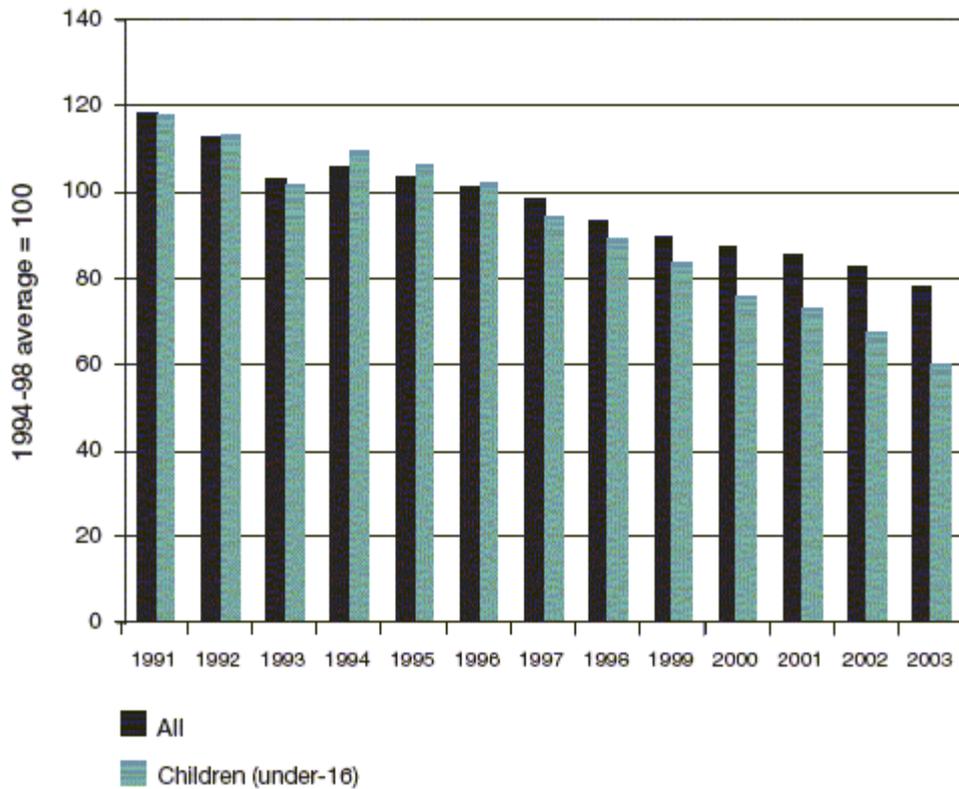
Progress on the Road Safety Strategy

10.6 The strategy committed the Department to report progress in detail every three years, and the first review was published in April 2004. The report can be accessed through our website.

10.7 Alongside the good progress made, the report identified important issues which were a cause for concern and called for continued effort. These issues included the fact that the reduction in road deaths, and in-car deaths, has levelled out for the last few years, with a slight rise in 2003 (3,508 compared to 3,431 in 2002, due mainly to increasing motorbike travel), continued excessive or inappropriate speeding, the resurgence in drink driving-related accidents, and the need for effective policing on the roads.

10.8 The Department's work on road safety on these and other issues since March 2004 included:

■ publication on 15 June of the independent review by University College London and PA Consulting Group on the first three years' operation of the safety camera programme, available through our website, which concluded that there had been:

  □ a 40 per cent reduction in the number of people killed or seriously injured at camera sites ('KSI casualties'), over and above the UK's general downward trend in killed or seriously injured casualties;

  □ a 32 per cent reduction in vehicles breaking the speed limit, and a 43 per cent reduction in excessive speeding (ie, more than 15 mph over the limit);

  □ a clear correlation between the fall in speed at a site and the reduction in collisions at that site;

  □ a high level of public support for the use of cameras, with 79 per cent of people agreeing with the statement *'The use of safety cameras should be supported as a method of reducing casualties*; and

□ benefits to society from the reduced deaths and casualties totalling around £220 million a year for the 24 counties that were part of the National Safety Camera Programme and were covered in the review (around half the country), which was roughly four times the resource cost of the programme;

■ publication of detailed information on all safety camera sites in England and Wales, where they were located, the road safety reasons for their establishment, and the 'before and after' number of serious casualties. There were in total around 2,600 fixed speed cameras, 2,400 mobile camera locations and 700 red light cameras, at the end of 2004. The Department also published an updated *Handbook of Rules and Guidance for the National Safety Camera Programme for England and Wales for 2005-06*, with clear criteria for the location of camera sites, to ensure that the programme focuses on high-risk sections of roads. Both documents are available through our website;

■ a discussion note seeking the initial views on a shift to a more graduated structure of fixed penalties for speeding offences, with an aggravated offence for people prepared to exceed limits seriously, and a lower penalty for less severe speeding, in place of the present 'one size fits all' fixed penalty. Powers to provide for such a graduated structure were included in the Road Safety Bill, discussed further below;

■ a detailed investigation, involving local authorities, the police, and other stakeholders and interest groups of Government advice to highway authorities on setting local speed limits, leading to the publication of a consultation draft of a new guidance Circular in November 2004, including advice on speed limits on rural roads, in villages, home zones and quiet lanes;

■ publication of the Government's Motorcycling Strategy in February 2005, following up quickly on the work of the Advisory Group on Motorcycling, which for the first time brought together the full range of bike user and industry stakeholders and produced its Final Report to Government in August 2004. The Motorcycling Strategy has established a framework for initiatives for making biking safer for riders and other road users, and making motorcycling a sustainable component of transport in the UK. This is an important and necessary development, since the increased popularity of motorcycling has meant increased biking casualties - 18 per cent more in 2003 than in 1994-98, with motorcyclists now accounting for around a fifth of all road deaths;

■ continued implementation of the £26 million pilot and demonstration projects, including 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 through traffic can work together with the needs of local residents - with early projects in Manchester, Crewe and Norwich now completed; an *Inner City Road Safety* project in east Birmingham to demonstrate the benefits of a partnership approach to delivering road safety in a disadvantaged area;

■ the launch of the Neighbourhood Road Safety Initiative, with £17 million over three years, assisting 15 authorities in the North West, the Midlands and Yorkshire to undertake demonstration projects aimed at reducing severe road safety problems in socially excluded communities; and

■ continued support for local highway authorities (LHAs), our principal partners in delivering the road safety strategy, including publication of research into the casualty reduction performance of LHAs, and an annual survey of spending by English authorities on road safety engineering and education.

Effective enforcement

10.9 A Road Safety Bill was progressed through Parliament but failed to obtain Royal Assent before Parliament was dissolved for the general election. It contained powers to deal with a group of issues including the following:

- **Drink driving** - new police powers allowing roadside breath testing as evidence, rather than drivers having to be taken to police stations; powers for mandatory re-testing of drivers disqualified for 24 months or more; and tougher penalties for the worst-offending drink drivers and other irresponsible drivers.

- **Speed** - provision for graduated fixed penalties, as discussed above; powers to ban the carriage or use of equipment that interferes with police speed enforcement equipment or tells drivers whether it is in operation; powers for the Secretary of State to authorise exemptions in special cases such as organ donor vehicles.

- **Other bad driving** - increased penalties for a careless driving, use of hand held phones, failure to use child seat belts, and failing to give identity of the owner.

- **Driver training and testing** - amendments to the present 'one size fits all' rules, to allow different schemes covering lorries, buses and other particular vehicle types; and giving the public access to information about the performance of individual instructors and their qualifications.

- **Fatigue** - improved enforcement of drivers' hours legislation; and powers for creating motorway rest areas similar to French 'aires'.

- **Unlicensed driving and other enforcement measures** - to prevent minicabs in London from evading licensing regime; and on the spot penalties to ensure that foreign drivers cannot evade punishment.

- **Uninsured driving** - new police powers to target uninsured drivers through Automatic Number Plate Recognition technology using data held by insurers. This measure will be of considerable value in helping the police to detect uninsured driving. The Greenaway Report on uninsured driving recommended this particular measure, and we are consulting on a number of other recommendations made by Greenaway, to tackle the problem of uninsured driving.

10.10 However, some of the Bill's measures were legislated for in the Serious Organised Crime and Police Act 2005. These were, evidential roadside breathtesting and disclosure of insurance data to the police. With regard to the remaining measures highlighted above, the Government remains committed to obtaining the necessary legislation and many are contained in the new Road Safety Bill that was introduced into the House of Lords on 24 May 2005.

Effective roads policing

10.11 Effective policing is also crucial, and the Government's *National Policing Plan 2005-08,* published by the Home Office in November 2004, specifically identified the unlawful, irresponsible and anti-social use of roads as a significant cause of road accidents, casualties and deaths, and so an important policing issue.

10.12 Following on from the National Policing Plan, the DfT and Home Office Ministers, together with the Head of Roads Policing for the Association of Chief Police Officers, issued a joint *Roads Policing Strategy* in January 2005. Copies are available on the Department's website.

10.13 The Strategy underlined the two departments' and the police's shared commitment to ensure that pedestrians and all road users could use the roads safely and without being harmed or intimidated - something of particular importance to the old, the young, and those in deprived areas, where road casualty rates are particularly high.

10.14 Motoring organisations and road safety groups have welcomed the publication of the joint Strategy. In the Strategy, the police identified four key areas for action, reflecting issues raised with local forces when they consult with local people on their concerns and priorities for law and order:

- drink and drug driving;

- speeding;

- failure to use seat belts; and

- and careless and intimidating driving.

10.15 The police undertook, as part of the Strategy to develop simple practical indicators of the success in dealing with these four problems, to enable individual forces and the two Departments to monitor progress in combating the identified problems. The objective in developing these indicators is to look not only at action taken, but also the bottom line outcome secured - for example, measuring not only the number of speeding offences detected and tickets issued, but the level of speeding taking place on local roads.

Effective technology

10.16 Vehicle safety continues to improve through concerted EU and other international action. Radical new technologies hold out the prospects of important further advances. The Department helps to develop and then implements EU and other technology standards.

10.17 During the last 12 months we:

- reached technical agreement on a new UN Regulation on adaptive front lighting systems which will help improve driving safety at night;

- secured agreement on a new EU Directive to ensure that safetycritical systems such as electronically-controlled braking are protected from electrical interference; and

- saw an amendment to a UN Regulation introducing more secure and easier to use child seat fixings in cars.

10.18 The EuroNCAP safety rating scheme gives purchasers information on the safety standards which different cars provide, and so strengthens the stimulus for car manufacturers to raise standards faster, responding to informed consumer demand. Results from the latest tests have shown that some manufacturers are already taking steps in advance of legislation to improve pedestrian protection especially for lower leg injuries.

The Driver, Vehicle and Operator (DVO) Group

Safety and crime prevention

10.19 The DVO Group provides a range of services to help drivers, vehicle keepers, manufacturers and operators meet the standards they need to travel safely and securely on the road. Many of these services also meet European requirements. Recent DVO Group surveys have shown that 68 per cent of its customers are very or fairly satisfied with the services they receive, compared to a small number (9 per cent) who are very or fairly dissatisfied. During 2004-05 the Group continued to deliver its core programme of roadworthiness testing for drivers and vehicles.

10.20 The majority of DVO customers readily meet the standards required of them and only a small minority try to avoid their responsibilities. The Road Safety Bill and the publication of the Greenaway Report on uninsured driving in July 2004, will provide the Group with a framework for greater focus on improving learning, education and standards. It will also support a move towards targeted enforcement activities aimed at those who fail to meet their obligations.

Educating drivers

10.21 One of the key planks in raising driving standards is the Driving Standards Agency's (DSA's) programme of education, designed to reduce accidents among the more vulnerable drivers.

10.22 During 2004-05 the programme achieved the following:

- included publication of an interactive DVD in October 2004, aimed at supporting learner drivers to drive safely;

- delivered 5,075 'Arrive Alive' presentations to help 16-19-year-olds to be better prepared to learn to drive;

- promoted the take up of the Pass Plus scheme for newly qualified drivers; the 100,000th certificate was issued in March 2005; and

- delivered 183 Arrive Alive Classic presentations aimed at the more mature driver. The DSA's education programme, affected by the need to drive down waiting times for the car practical driving test to six weeks, is expected to gather momentum now that waiting times are back on track.

Better driving standards through improved standards of tuition

10.23 In partnership with the driver training industry, the DSA is drawing up a package of measures for driving instructors that are designed to raise the standard of driving tuition provided to learner drivers. Among the many proposals for professional development agreed by the industry, the DSA introduced the hazard perception test in January 2005.

Preventing accidents

10.24 The Vehicle and Operator Services Agency (VOSA) offers a vehicle collision inspection service to the police to identify causes of accidents involving heavy vehicles. During 2004-05 around 2,500 investigations were conducted and there has been an increase in demand for evidence to be collected and presented in the courts. VOSA plans to use the collision data collected to identify those operators at risk and to establish a range of preventative measures to avoid future occurrences.

10.25 One of the main causes of accidents is driver fatigue. The EC Working Time Directive calls for the introduction of digital tachographs to monitor and enforce drivers' hours compliance. During 2004-05, the DVLA and VOSA have been preparing for the introduction of this new technology, expected to come into use later in 2005. The DVLA has put in place the infrastructure for providing tachograph smart cards and VOSA has been working with tachograph manufacturers to have a network of Approved Tachograph Centres in place to support the introduction of the new technology.

Targeting non-compliance

10.26 By March 2005 VOSA had received accreditation from 34 police forces with the powers to stop heavy goods vehicles for roadside checks; full roll-out to all 43 police areas is expected in 2005. Discussions are underway with the Association of Chief Police Officers for Powers to Stop approval in Scotland. The successful roll-out of the Powers to Stop initiative has enabled VOSA to develop a more flexible and targeted approach to roadside check enforcement activity, allowing for the greater use of local and national intelligence.

10.27 Continuous Registration was launched in January 2004, aimed at reducing the number of untaxed vehicles. Following the launch, DVLA has seen a significant growth in vehicle licensing volumes, particularly SORN notifications (Statutory Off-Road Notifications). In line with the Public Accounts Committee (PAC) recommendations of February 2004, DVLA's move towards continuous vehicle licensing has been supported by the introduction in June 2004 of harmonised registration certificates. Since Continuous Registration went live in March 2004 around 1.3 million penalty letters have been issued, £17.6 million revenue raised as a result of penalty letters, and over 320,000 enforcement cases cleared.

10.28 The current forecast for the level of vehicle excise duty (VED) collected this year indicates an increase of £77 million over the same period last year. The level of VED collected up to October 2004 has increased by £60 million over the same period last year. The introduction of an e-link with the courts system on 4 October 2004 has resulted in 18,000 enforcement cases going forward per month. Future developments planned include payment of VED fines by credit/debit card and increased wheel clamping activity.

Reducing vehicle crime

10.29 Car-related crime is an important issue for motorists, with car theft accounting for about 20 per cent of all reported crimes. During 2004-05 VOSA carried out around 45,000 checks on vehicles to prevent 'ringing'. The DVLA's liaison with the Police on unlicensed vehicles 'Project Laser', has shown that 80 per cent of those drivers stopped by the Police for unlicensed vehicles were found to have been involved in other forms of criminality.

10.30 Abandoned cars are a serious problem with over 300,000 vehicles dumped on our streets every year. During 2004-05 the DVLA wheelclamped about 71,000 vehicles and encourages local authorities and police forces to make use of its powers. In London, in association with seven boroughs, the police and the fire service, the DVLA ran a successful pilot of Operation Scrapit aimed at removing untaxed and abandoned vehicles. The DVLA expects to expand the scheme to other London boroughs and major cities.

Tackling identity crime

10.31 Identity crime is an increasingly serious problem and improving the security of the driving licence is a growing priority for the DVO Group. During 2004-05 the Group took forward a number of initiatives. The DSA set up a fraud team to investigate impersonation at driving tests; a cross-agency team took action to counteract a rogue website selling fake driving licences; and the development of an identity checking service for driving licences continued, in partnership with the Home Office and United Kingdom Passport Service (UKPS). The partnership will provide access to UKPS databases as a means of providing an efficient, cost effective option to authenticating personal identity and improving data accuracy.

Railway safety

10.32 Rail remains the safest form of surface transport - six times safer than travel by car (based on average figures for the number of fatalities and kilometres travelled over the 10 years 1993-2002). The Health and Safety Executive's (HSE's) annual report on the safety record of the railways in Great Britain during 2003-04 showed that rail safety continued to improve in a number of key areas. The number of significant train accidents was the lowest ever, and the number of train derailments, broken rails and signals passed at danger (SPADs) all fell compared to the previous year, with the number of SPADs the lowest since records began in 1985. Although there were no passenger fatalities in train incidents in 2003-04, unfortunately, nine railway staff were killed including four track workers at Tebay, Cumbria on 15 February 2004.

10.33 *The Future of Rail* White Paper, published in July 2004, announced that, subject to parliamentary approval, rail safety regulation will transfer from the HSE to the Office of Rail Regulation (ORR). The aim of this change is to simplify the regulatory structure of the rail industry and to provide a fresh start to encourage cultural change across the rail industry.

10.34 In September 2004 the Health and Safety Commission (HSC) published its third progress report on implementing the recommendations from the Southall, Ladbroke Grove and train protection systems public inquiries. The report showed that all but 27 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.

10.35 The department has worked with the HSE to develop regulations to implement the European Railway Safety Directive which is designed to ensure the development and improvement of safety on the European Community's railways and improved access to the market for rail transport services.

10.36 On 6 November 2004 a First Great Western Train, travelling from Paddington to Plymouth, derailed at Ufton Nervet in Berkshire after colliding with a car stopped on a level crossing. Seven people were killed and 37 people were taken to hospital. The HSE published an interim report on 10 November 2004 which stated that they found no faults with the level crossing equipment, the signalling system or the train and there were no errors by railway staff. The Rail Safety and Standards

Board (RSSB) is holding an inquiry into the derailment in order to identify the safety lessons and to make recommendations for preventing recurrences. The outcome of this inquiry is expected in late 2005 but any safety lessons will be passed to the industry as soon as they become apparent.

The Rail Accident Investigation Branch (RAIB)

10.37 The RAIB was established by the Railways and Transport Safety Act 2003 to implement the recommendations of the Cullen Report Part 2 for an independent rail accident investigation body. In this respect it also satisfies requirements of the EU Rail Safety Directive (2004/49/EC). The role of the RAIB is to improve the safety of railways by carrying out investigations to determine causes of accidents and incidents and, by making safety recommendations, to reduce the likelihood of further occurrences.

10.38 During 2004-05 the RAIB completed the recruitment and training of sufficient Inspectors for the Branch to become operational: it is continuing its recruitment programme to reach full complement during 2005. It has established one operational centre in Derby with the second to be opened in May 2005 in Woking, thus enhancing its capability to provide a quick response to rail accidents or incidents wherever they occur in the UK.

10.39 Throughout 2004-05 RAIB has worked with its key stakeholders to develop the Regulations that will underpin its operations, and, in parallel, the related protocols and working arrangements. Consultation on the draft Regulations took place at the end of 2004.

10.40 While RAIB is administratively part of the Department, it is functionally independent: the Chief Inspector is responsible to the Secretary of State for the investigation of rail accidents and incidents.

Reducing crime on public transport

10.41 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.

10.42 In May 2004 the Department published the results of national research into people's perceptions of personal security and their concerns about crime on public transport. The research found that people feel most secure when on a bus or train and least secure when walking to or waiting at a bus stop or station. The vast majority of those questioned, 77 per cent, had no security concerns when travelling during the day. People, though, are still more concerned at night time. While men still tend to be more positive than women about personal security on public transport, the differences have reduced since the last national survey in 1996. Men have become less positive about their personal security.

10.43 In November 2004 we published the key research findings on the links between bus related crime and other crime. Joint operations between police and revenue protection staff on the buses have assisted the police in clearing up other crime and apprehending offenders, some of them prolific. Following a police operation on buses there was a statistically significant reduction in the level of assault and theft from vehicle in the zone that extended up to 400 metres from the bus route.

10.44 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.

10.45 The Department has continued to promote the Secure Stations Scheme. We have recently introduced some procedural and administrative changes to the Scheme, including the introduction of a new award category 'working towards accreditation'. We have also researched and investigated ways of promoting improved personal security practice on trains and will shortly be publishing guidance for train companies and manufacturers.

10.46 The Department has also recently held a conference to discuss with the transport industry what staffing options there are to improve personal security. We have begun researching ways to reduce

crime at rail stations in socially excluded areas, and assessing how the criminal justice system is being used to tackle transport crime.

Aviation safety

10.47 The Department sponsors the Civil Aviation Authority (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 the European Aviation Safety Agency. The Department promotes legislation to provide a framework for the CAA's safety responsibilities and participates in European and global initiatives to promote safety.

10.48 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 the European Aviation Safety Agency, 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 2004, the CAA inspected 223 foreign registered aircraft suspected of non-compliance with international aviation standards on our behalf.

10.49 Search and rescue services for civil aircraft in distress are provided as required under the 1944 Convention on International Civil Aviation (the Chicago Convention). The Royal Navy and Royal Air Force carry out search and rescue operations, and we also use civilian helicopters contracted to the Maritime and Coastguard Agency.

Aviation safety in the UK's Overseas Territories

10.50 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)

10.51 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. The Chief Inspector of Air Accidents reports directly to the Secretary of State for Transport.

10.52 The AAIB also provides technical assistance to the Ministry of Defence in support of Boards of Inquiry investigating military aircraft accidents. In 2004, the AAIB investigated 294 accidents and incidents, helped to investigate seven military accidents and took part in 52 accident investigations overseas. The AAIB publishes all of its reports and they are available on its website at www.aaib.gov.uk

10.53 The AAIB is increasing staff numbers to its full complement to deliver improvements in the time taken to complete and publish aircraft accident investigation reports.

Shipping safety

The Maritime and Coastguard Agency (MCA)

10.54 The MCA carried out some implementation duties in connection with the International Ship and Port Facility Security Code (ISPS) delegated by the Department's Transport Security Division. These involve the approval of security plans and undertaking verifications of applicable UK registered cargo ships.

10.55 The MCA is increasing the amount of resources being put into prevention of maritime related incidents, on the basis that it is in everyone's interests to prevent rather than cure. The MCA has established a robust statistical base to improve its data gathering and analysis. The database has helped the MCA understand the pattern of maritime deaths and injuries, which has led to the identification of priority areas for prevention activity. In 2005-06 that effort will be directed towards coastal swimming, beach activities and recreational diving. The MCA will continue to monitor promptness of Search and Rescue response decisions to ensure its high level of effectiveness is maintained. The MCA will continue discussions with the Ministry of Defence with a view to harmonising SAR helicopter provision.

10.56 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 by around 300 per cent, 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. The MCA's Ministerial Targets for 2005-06 include the quality related targets of minimising UK ships detained abroad and meeting planned ship inspection targets.

10.57 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. 10.58 The MCA has produced and consulted upon legislation to implement a new Annex to the Marine Pollution Convention (MARPOL), to restrict the emissions of certain atmospheric pollutants, including Nitrogen Oxide (NOx), Sulphur Oxides (SOx) and Volatile Organic Compounds (VOCs). Implementation in UK law will be subject to the introduction of enabling powers in a Merchant Shipping Bill.

The Marine Accident Investigation Branch (MAIB)

10.59 The role of the MAIB is to contribute to safety at sea by determining the causes 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-registered vessels anywhere in the world, and vessels of any nationality within UK territorial waters, including inland waters.

10.60 In 2004, the MAIB received 1,492 accident and incident reports. Of these, 29 resulted in full investigations leading to published reports, and a further 35 were the subject of preliminary examinations in which key evidence was collected and analysed and recommendations made. Another 748 were pursued as administrative enquiries with information gathered by correspondence, then considered and recorded.

10.61 The impact of the recommendations made by the MAIB as a result of its investigations is being enhanced with the introduction of a 'closedloop' system. This is aimed at allowing the MAIB to monitor the implementation of its recommendations, and the effectiveness of its investigations. This has initially been introduced on a voluntary basis, which it is intended to make mandatory in the near future.

The Board of Transport Accident Investigators

10.62 The Board of Transport Accident Investigators was established in May 2003 in order to share best investigative practice between the Air, Marine and Rail Accident Investigation Branches and to explore synergies between the three investigation bodies. The Board was also tasked with assisting the Chief Inspector of Rail Accidents to establish and develop the Rail Accidents Investigation Branch (RAIB).

10.63 In 2004 the Board developed a number of joint initiatives between the AAIB, the MAIB and the RAIB. These included: aligned investigation regulations; joint training on investigation fundamentals; the development of new websites for all three Branches and common publication and distribution processes. The Board continues to identify areas where, by working together best practice can be identified and efficiency can be improved.

Transport security

10.64 The Department regulates and enforces the transport industry's compliance with measures to provide security against, primarily, terrorist attacks. The measures also provide protection against attacks with, for example, criminal motivation or actions by people with mental health problems. The Department works with operators to develop security measures and practices that are effective, sustainable and responsive to the changing nature of security threats.

10.65 In September 2004 the Transport Security Directorate (TRANSEC) assumed responsibility for the Department's Defence and Civil Contingencies Division, thereby extending TRANSEC's responsibilities to include resilience and recovery issues as well as protective security. The Directorate is now known as the Transport Security and Contingencies Directorate (TRANSEC).

10.66 The International Maritime Organisation's International Ship and Port Security (ISPS) Code was successfully implemented during 2004. The Code, backed up by the EU Regulations, establishes a new international security regime covering some 560 UK ports and 620 UK-flagged ships. The Department assessed UK Overseas Territories and Crown Dependencies in order to provide for the implementation of the ISPS Code and has continued to provide advice during the implementation phase.

10.67 Following the attacks on the railway in Madrid in March 2004 the Department, working closely with the industry and the British Transport Police, (BTP) undertook a comprehensive review of railway and London Underground security. The outcome was a series of 18 recommendations to enhance rail security, and work to translate them into real action on the ground is well advanced.

10.68 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 wide-scale flooding. The result has been a greater awareness, across the responder community, of the potential impacts of a wide variety of events on the transport sector, and the part that the Department could play in delivering an effective, co-ordinated response even to crises outside its own sector.

10.69 Contingency planning work has been carried forward at the NATO and national levels to ensure that the Department is ready to play its part in the response to any crisis, however caused. The main responsibility for 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, or if the seat of the crisis is abroad. The Department has, for example, been closely involved with discussions about the UK response to the Asian tsunami. At home, planning has moved forward, assisted in particular by the passage of the Civil Contingencies Act which provides a better basis for co-operation between responders and for the use of Emergency Powers if required.

10.70 Work continued through the year on multi-agency threat and risk assessments (MATRAs) at airports, started in 2003 to encourage all parties concerned to take a comprehensive and fully-integrated approach to airport security. All stakeholders have recognised the benefits of working more

closely together to identify priorities for action on the basis of a shared understanding of the risks and a better appreciation of each others' responsibilities. The concept is also now being tested at a number of sea ports and at the Channel Tunnel. The Department has worked closely with other departments and with the border agencies to ensure that security and wider Departmental interests are fully taken into account in the future development of enhanced border controls.

10.71 The introduction of criminal record checks for all staff working in restricted zones at airports was completed, on schedule, in July 2004. This was a major undertaking affecting over 200,000 staff working in airports. Not surprisingly, a number of issues became apparent during roll-out, and further work was done to introduce refinements, in particular the introduction of an appeals process.

10.72 A team of TRANSEC and BAA staff worked together in 2004-05 to put in place a major trial of a new security screening process at Heathrow Airport. The trial involved major changes to the layout and process in the passenger search area and made use of the latest security technologies including body-scanning systems. The results of that trial will inform considerations of how security search areas will develop over the next ten years, with the twin goals of maintaining high security standards and facilitating convenient travel.

10.73 Developments supported over several years by TRANSEC's Research and Development programme culminated in 2004-05 with the operational use of a technique for screening aviation cargo involving the use of 'sniffer dogs'.

10.74 The Department continued to work actively for higher aviation security standards overseas, through the relevant international bodies and as a member of G8, as well as bilaterally with foreign partners. Use was made of funding made available by the Foreign and Commonwealth Office, to help strengthen aviation security capabilities in other states. Permanent liaison posts were established in North Africa and Central Asia to provide security advice to UK airlines operating at airports in those regions, and to work co-operatively with national authorities.

10.75 In May 2005 the Department laid regulations before Parliament introducing a new UN-based security measure for the transport of dangerous goods by road and rail. Ahead of formal regulation, voluntary codes of practice for both modes were published in February and August 2004 respectively.

Chapter 11 - Electronic services for customers

11.1 Technological innovations continue to improve the way that people travel and the Government has an important role to play in providing new ways to enhance the services available to customers. This chapter provides information on the latest e-Government developments which are designed to improve the services we provide.

Transport Direct

11.2 As one of the 30 key e-Government initiatives, the Transport Direct Programme aims to improve the quality and availability of travel information and to encourage better use of the whole transport network.

The Transport Direct portal

11.3 The Transport Direct Portal Project is the cornerstone of the programme providing a comprehensive one-stop shop of travel information for travellers using public or private transport - or both. It was first made available to the public, by means of a 'soft' launch, on 12 July 2004, and was launched officially by the Secretary of State on 31 December 2004. The portal provides all the information a traveller needs to plan a journey by any mode, or mixture of modes, of transport within Great Britain. It provides schedule information for local bus, tram, light rail, ferry and underground services as well as domestic flights, coaches, trains and car routing information.

11.4 The portal currently offers a number of unique services including:

- the ability to compare door-to-door journey options for car and public transport (excluding domestic air);

- the option for users to specify their journey details using a variety of means such as place names, addresses, postcodes, places of interest, coach and rail stations or airports, bus stops, or by selecting a location from a map;

- the display of journey itineraries in writing and on a map;

- road journey times and adjusted road routes based on historical traffic level information;

- prices for public transport journeys by train and coach;

- seamless links to train and coach ticket retail websites, enabling users to buy tickets without having to re-enter their journey details;

- the ability to plan the trunk part of journeys by a specified mode (including domestic air) - and then extend the chosen option to/from a local point if required;

- the ability to compare different public transport modes for city to city journeys;

- live travel information about interruptions to the public or private transport network; and

- real-time information about train and bus services where available.

11.5 For its work on the Transport Direct portal, the Department has won the following two awards:

- Computing Magazine - Public Sector Project of the Year 2004; and

- Management Consultancies Association (MCA) - Gold award for 'Electronic Trading'.

Figure 11a: The first page of the award winning Transport Direct portal

Usage of the portal

11.6 From the period 30 December 2004 to 20 March 2005, a total of 504,341 user sessions have been recorded on the Transport Direct portal. Average weekly user sessions increased from approximately 26,000 in January to approximately 67,000 in early March. Transport Direct has a target to achieve 1 million user sessions in its first year of operation which, based on current use, it is expected to achieve.

Figure 11b: Transport Direct cumulative user statistics
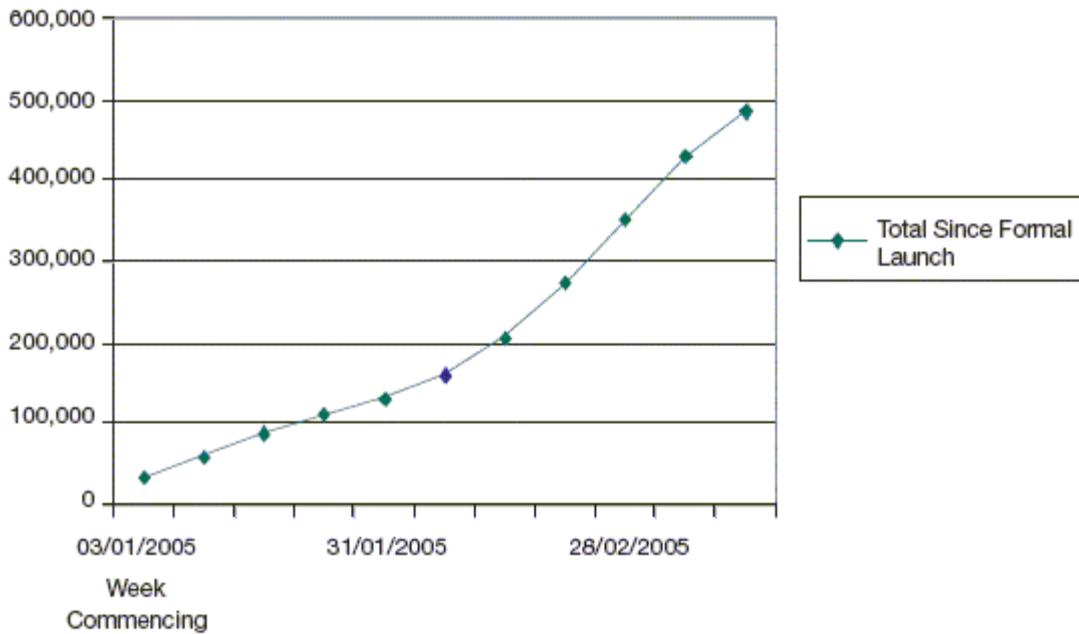
Feedback from users

11.7 User feedback is actively encouraged, especially when the portal produces results with which the user is unhappy. Since official launch, there has been an average of just over 100 items of feedback per week, for which the ratio of positive to negative is more than 2:1. All feedback received is investigated and helps to inform both current operation of the portal and its future development.

11.8 Transport Direct is a dynamic system interacting with many other journey planners and reliant upon numerous external data sources at a local, regional and national level. The scale of this resulted in some difficulties with certain journey plans in the portal's early days of operation. Using feedback received and results of the Transport Direct team's own system testing, these problems have been systematically analysed and addressed in partnership with our system and data suppliers. The Transport Direct team will continue to monitor for the provision of sub-optimal journeys and work closely with partners to address any such issues identified.

The wider Transport Direct programme

11.9 Part of the programme's wider objective is to help set standards and improve the quality and availability of travel information. Transport Direct is closely involved with the *traveline* service, the implementation of electronic bus service registration (EBSR) and the setting of European standards. Great improvements have been seen in the provision of local transport information since the beginning of the Transport Direct programme. This will continue through the close working between Transport Direct and its industry and local authority partners.

11.10 Transport Direct programme oversaw the project that granted £20 million to 19 local authorities and Passenger Transport Executives (PTEs) to implement bus real time information (RTI) schemes. This has acted as catalyst to other implementations, and vehicles equipped to provide real-time information are now operating in 72 English towns and cities within 47 local authorities and PTEs. Figure 11c shows the projected growth in buses equipped to provide real time information between 2002 and 2005. Transport Direct also continues to support the Real Time Information Group (RTIG), a national group representing the interests of the real time information community, through the funding of specific relevant work items.

Figure 11c: Buses fitted with Real Time Information as a percentage of the national fleet
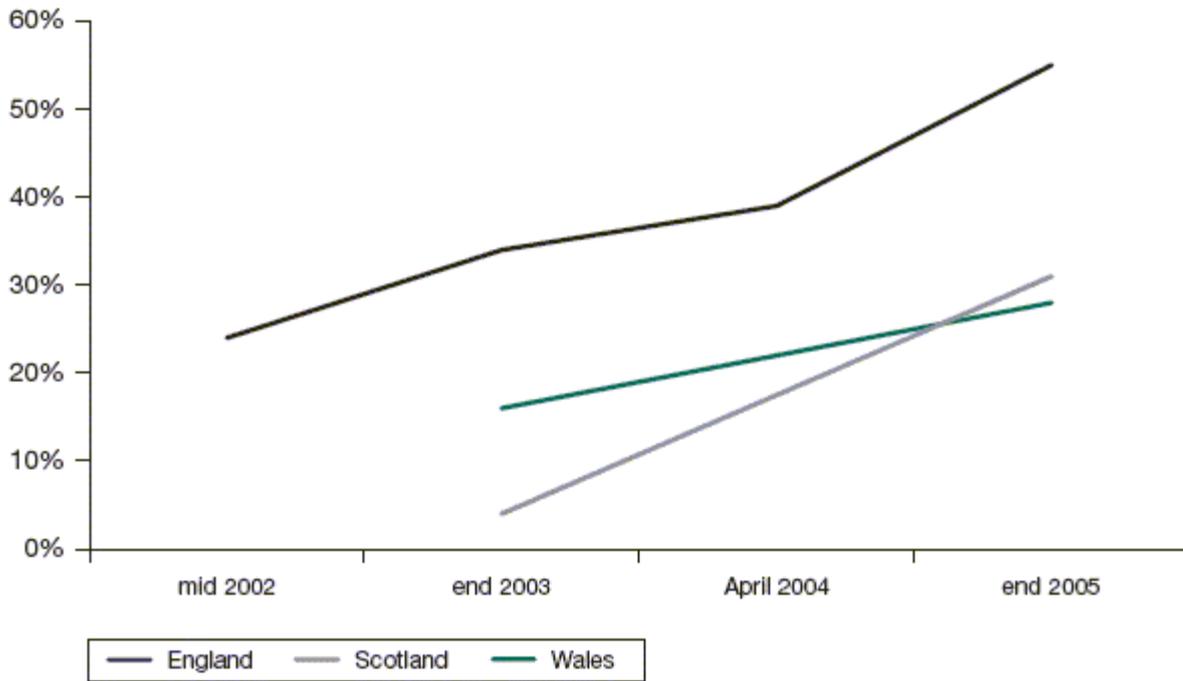
Driver, Vehicle and Operator (DVO) Group e-service delivery

The DVO Group

11.11 The DVO Group is transforming the way it conducts business with its customers. It is moving towards greater automation of its services, increased use of the web and other technology and a shift from paper to electronic records, resulting in growing numbers of customers being able to access its services at a time that is convenient to them. This approach is supported by recent customer research which revealed that 52 per cent of private motorists said they would be likely to use a website with information and services for motorists and 46 per cent said they would be likely to renew their tax disc on line. Building on earlier developments such as the launch of the Motoring Franchise on Directgov, the Group introduced a number of further key services electronically during 2004-05. Information on these services is listed below.

Lorry and public service vehicle (PSV) operator self service

11.12 Lorry operator self service is one of the first 'real time' e-Government transactional services which allows licence holders to add and remove vehicles from their licences online '24/7', to track progress on licence applications and to access Operator licensing information held on them by the Vehicle and Operator Services Agency (VOSA). It will soon allow e-payments of licence invoices. The service was launched in July 2004 and by the end of March 2005, 44 per cent of vehicle transactions were completed by licence holders on-line.

11.13 The system was runner up in the Government Computing Magazine's Innovations awards 2004 and won two major awards in the e-Government awards 2004, announced on 19 January 2005. A parallel self-service system for bus operators was launched in January 2005.

Driving test bookings (theory and practical)

11.14 The Driving Standards Agency (DSA) uses electronic test booking and automated voice recognition systems for the booking of driving tests, and for the amendment to and cancellation of bookings with refunds. Both theory and Practical test bookings are available via the Internet, and currently around 40 per cent of theory tests and 30 per cent of practical tests are booked online. In addition, the practical test has an automated speech recognition based solution, introduced in June

2004, for checking and changing test appointments. By the end of March 2005, over 90,000 tests have been rebooked without recourse to a call centre operative.

Automated Driving Licence Issue (ADLI)

11.15 The ADLI system went live on 9 August 2004. Instead of requiring the customer, after passing the driving test, to send documentation and a fee to the Driver and Vehicle Licensing Agency (DVLA) in order to trigger a new licence, the necessary information is now sent electronically by the DSA and the new licence is then issued automatically by the DVLA. Since the system was introduced, over 8,000 new licences have been updated in this way.

Car tax

11.16 August 2004 saw the launch of the final phase of the DVLA/Post Office Bar-coding of All Relicensing Transactions (BART) project. Vehicle licence information is now scanned and validated in post offices and transmitted electronically to the DVLA, saving considerable time and effort and ensuring that the DVLA's database, (which is also important to the police) is up to date and accurate. Accepting the recommendation of the Public Accounts Committee (PAC) in February 2004, the DVLA has also launched the initial phase of the flagship Electronic Vehicle Re-licensing (EVL) system, which enables customers to tax their vehicles over the web or by phone using interactive voice recognition. Since EVL's pilot launch in 2004, over 200,000 motorists have used the service. The service is expected to be gradually extended to more and more motorists during 2005 and 2006 (as MOT computerisation enables older vehicles to be included).

11.17 The DVO Group is continuing to expand customer access to its electronic services with on-line first driving licence applications and change of address details expected during 2005-06. The roll-out of MOT Computerisation, which will give all 19,000 MOT garages access to the vehicle database to update test results on some 25 million vehicles, was delayed to allow for further stringent testing of the system. Roll-out began on 18 April 2005 with over 10,000 tests recorded on the system during the first week.

Figure 11d: DVO Group - planned expansion of electronic services

Consumer services	2004	2006	2008
Book a theory driving test	40%	50%	60%
Book a practical driving test	30%	50%	60%
Buy a tax disc on-line	1%	28%	60%
Apply for driving licence on-line	0%	15%	45%
Register a new vehicle	75%	80%	85%
Commercial services	2004	2006	2008
Book a theory driving test	30%	50%	60%
Book a practical driving test	30%	60%	60%
Buy a tax disc on-line	5%	45%	80%
Register a new vehicle	75%	85%	100%
Apply for an operators ('O') licence on-line	0%	5%	30%