



Department
for Transport

Accounting Officer System Statement February 2022

February 2022

Department for Transport
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1. Introduction and scope of the system

As the Principal Accounting Officer for the Department for Transport (DfT) this Accounting Officer System Statement sets out the accountability relationships and processes within my Department, making clear who is accountable for what at all levels of the system.

My Department has policy responsibility for the rail network, high speed rail, aviation and maritime, the road network, transport safety and security and local transport policy. The Secretary of State for Transport and other departmental ministers have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of this Department and its partner organisations including our executive agencies and other public bodies such as Network Rail and Highways England. Ministers look to me as the Department's Principal Accounting Officer to delegate within the Department to deliver their decisions and to support them in making policy decisions and handling public funds.

As Principal Accounting Officer, I am personally responsible for safeguarding the public funds for which I have been given charge under the DfT Estimate <https://www.parliament.uk/globalassets/documents/commons-committees/transport/dft-memorandum-for-main-estimate-2019-20.pdf>. I am responsible for the preparation of the accounts for the Departmental Group, the Marine and Aviation Insurance (War Risks) Fund, the General Lighthouse Fund, and the White Papers with the National Loans Fund. Where I have appointed additional accounting officers, their responsibilities are also set out in this system statement.

This system statement covers my central Department, our public bodies and other arm's length relationships. An overview showing all parts of the system can be found on page 6. It describes accountability for all expenditure of public money through my Department's Estimate, all public money raised as income, and the management of shareholdings, financial investments and other publicly owned assets for which I am responsible. It also helps me ensure that I am fulfilling my responsibilities as Principal Accounting Officer in accordance with HM Treasury's guidance set out in Managing Public Money <https://www.gov.uk/government/publications/managing-public-money> This system statement describes the accountability system which is in place at the date of this statement, and which will continue to apply until a revised statement is published.

Bernadette Kelly
Permanent Secretary and Principal Accounting Officer (22 February 2022)

Wider Departmental Family

Consolidated Departmental Groups

Six directors general led groups:

Aviation, Maritime, International and Security, High Speed Rail Group, Rail Infrastructure Group Roads, Places and Environment Group, Rail Strategy and Services Group, Corporate Delivery Non Group comprising of legal

Other entities accounted for within DfTc:

Office for Zero Emission Vehicles, Centre for Connected and Autonomous Vehicles
Disabled Persons' Transport Advisory Committee, Cycling and Walking Investment Strategy Advisory Group, Advisory Group on Education in Transport, Air Insolvency Review, Rail Strategy Advisory Board, DfT Science Advisory Council; Independent Commission on Civil Aviation Noise

Executive agencies:

Driver and Vehicle Licencing Agency
Vehicle Certification Agency
Maritime and Coastguard Agency
Driver and Vehicle Standards Agency

Other Government owned companies:

Highways England, Network Rail (including its subsidiaries as listed in Note 26 to the Financial Statements), LCR Finance plc, CTRL Section 1 Finance plc, Train Fleet (2019) Ltd, Air Safety Support International Ltd

Executive Non-Departmental Public Bodies:

Transport Focus (including its subsidiaries Transport Focus Scotland Ltd and Transport Focus Wales Ltd), British Transport Police Authority, Trinity House Lighthouse Service, Northern Lighthouse Board, Commissioners for Irish Lights, High Speed 2 Ltd, Directly Operated Railways Ltd, East West Railway Company Ltd

Other consolidated entities:

Air Travel Trust Fund

Non Ministerial Department and Regulator:

Office of Rail and Road

Other Public Corporations:

Trust Ports as listed in Note 26 to the financial statements

Public Corporation and Regulator:

Civil Aviation Authority

Public Corporation and

Government owned company:

London and Continental Railways Ltd, Crossrail International Ltd; LNER Ltd; Northern Trains Ltd DfT OLR Holding Ltd

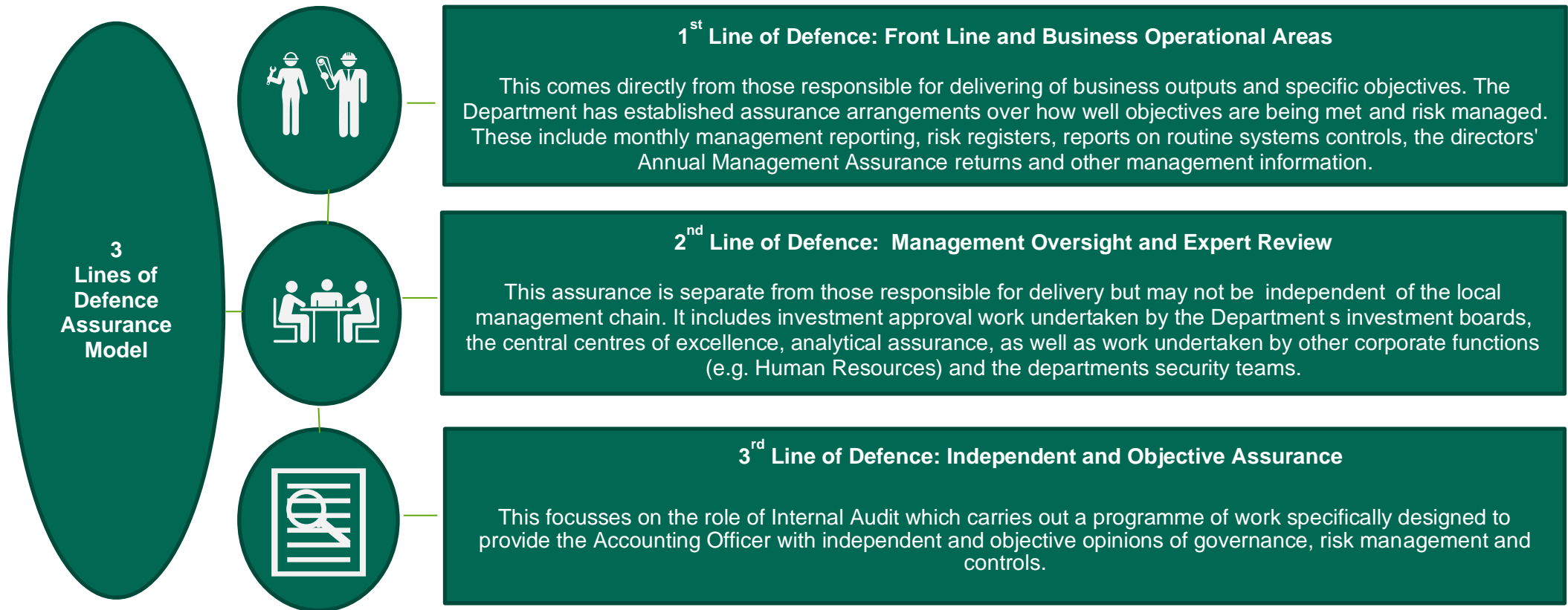
2. Responsibilities within the Central Department (DfTc)

This section sets out how accountability for the spending of DfTc is managed and how I gain assurance.

DfTc is organised into several groups each led by a director general along with some areas of work which report directly to the permanent secretary. A description of these is shown in the Department's Annual Report and Accounts and an organogram is published here: <https://www.gov.uk/government/publications/department-for-transport-and-ndpb-structure-charts-organisational-and-salary-disclosure-data>

Assurance means gaining confidence through looking at and assessing evidence for those outputs and outcomes the Department is accountable for. Assurance is essential in providing confidence to decision-makers, particularly the accounting officer and the board, on the management of risk and internal controls. It helps to inform key decisions for the successful delivery of business objectives and in fulfilling reporting obligations to Parliament and other stakeholders.

The National Audit Office (NAO) has a statutory responsibility to audit the financial statements of central government departments and other public bodies, and for conducting Value for Money reviews into government programmes. External reviews are also conducted by parliamentary select committees and independent regulators after a project or event and are rich sources of lessons for organisational learning.



In addition, there is a 4th line seeking assurance from external independent bodies such as NAO, on occasion external auditors and other external bodies.

HM Treasury issues delegations each year to me as Principal Accounting Officer whilst retaining six strategic controls that override any delegated authority. Any spending proposal that falls within the remit of those controls must be submitted to HM Treasury for approval. The strategic controls cover spending proposals that:

- Are novel, contentious or 'repercussive' (transactions that could cause repercussions elsewhere in the public sector, such as all special severance payments).
- Could go beyond the agreed budget and estimate limits.
- Would mean contractual commitments to significant levels of spending in future years which have not yet been planned for.
- Include items that need primary legislation.
- Could set a potentially expensive precedent.

Where HM Treasury consent is a specific requirement of legislation.

As Principal Accounting Officer, I delegate authority to directors general, who can in turn sub delegate within their own areas of the organisation. Delegated authorities and responsibilities are set out in delegation letters to individuals. A record is kept of all delegations and made available as appropriate. This process of delegation sets out the primary line of responsibility within the Department. Above all, responsibility rests with individuals, who are clear as to what is expected of them and fulfil their roles to the best of their ability.

Governance Framework and Compliance

The Department's Corporate Governance Framework details the structures and processes by which the Department and its public bodies are directed and controlled at the most senior levels, in order to achieve their objectives and meet the necessary standards of accountability and probity. It provides the architecture of accountability – the structures and processes that aim to ensure the Department is managed in the most efficient and effective manner.

The purpose of this Corporate Governance Framework is to set out what the Department is doing to comply with "Corporate Governance in central government departments: Code of good practice". The document works in conjunction with a number of other guidance documents and frameworks that taken together comprise the corporate governance arrangements in DfT.

The Department is committed to the pursuit of proper corporate governance throughout its businesses and services. Accordingly, as Principal Accounting Officer, I am required to sign the annual Statement on Internal Control to confirm that a sound system of internal controls is maintained and supports the Department's policies, aims and objectives, whilst safeguarding public funds and the Department's assets. This means, for example, that grants are accounted for on a consistent basis and that systems and processes are in place to ensure their regularity and propriety. The Department's primary concern when administering grants as with other categories of expenditure, is to comply with the requirements of HM Treasury's Managing Public Money <https://www.gov.uk/government/publications/managing-public-money> and Cabinet Office guidance ensuring the appropriate controls and approvals

are in place. The Department has looked at good practice by engaging other government departments including Cabinet Office and has updated its online guidance for managing grants. <https://intranet.dft.gov.uk/section/how/how-work-finance/grant-management-dft>

In 2019, the Department made significant improvement in grants maturity and its compliance with Cabinet Office grant standards. The Department is working with the Government Internal Audit and Assurance Agency (GIAA) to assess maturity against a new grants' maturity model introduced by Cabinet Office in 2020 and is working towards further improvements against the new criteria.

Financial Control and Counter Fraud

The Department is committed to countering fraud and ensuring effective controls and processes. The Department adopts a zero-tolerance culture in relation to acts of fraud, bribery and corruption, and all reported instances are investigated fully. Where appropriate, disciplinary and/or legal action is taken, in line with Cabinet Office guidelines. The Department works closely with GIAA to investigate cases of fraud, bribery and corruption and engages Cabinet Office and senior counter fraud managers from its public bodies in identifying risks, sharing good practice and dealing with detection activity. This is in line with objectives set in the Department's Group Counter Fraud Strategy published in 2019.

The Department holds quarterly meetings with the Fraud, Error and Debt (FED) Group, comprising senior counter fraud managers and other representatives from the Department and its delivery bodies. This collaborative approach has allowed the FED Group to raise awareness of counter fraud activity across the Departmental Group and significant progress has been made in meeting the government's Counter Fraud Functional Standards.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/894811/Counter_Fraud_Functional_Standard.pdf

Cases of fraud, bribery and corruption are published and reported to Cabinet Office externally and reported to Group Audit and Risk Assurance Committee (GARAC) internally. The Controls Network Group (CNG), comprising senior Subject Matter Experts from Group Finance, Commercial, Governance, HR, Digital and Internal Audit, ensures oversight and delivery of robust controls, counter fraud activity and compliance with HM Treasury, Cabinet Office and internal controls.

The Department also has a policy on how to raise a concern, which provides signposting for staff to the range of internal formal and informal routes available to raise a concern; by highlighting the help and support available for all concerned.

Project Assurance

The Department's investment board structure is based on a model of 'tiering' projects and programs. Tiering decisions are based on several factors, with projects or programs allocated to the highest tier in which they meet at least one of the criteria. As a part of the Department's Business Case Approval Framework, the Centres of Excellence (CoE) review and provide an independent layer of scrutiny on

business cases that are submitted to Investment Boards. Each CoE works independently to deliver the Department's common purpose – to ensure that business cases for projects seeking the Department's approval are sufficiently scrutinised.

Tier 1 projects and programmes are the Department's largest, highest risk, novel and/or contentious schemes. They must seek scrutiny and approval from the Investment, Portfolio and Delivery Committee (IPDC), and are required to undertake independent assurance and have appointment letters in place for the senior responsible owners (SRO). For those Tier 1 projects also on the Government Major Projects Portfolio, quarterly reported data is also submitted to the Infrastructure and Projects Authority (IPA).

Tier 2 projects and programmes are approved by local group investment boards, chaired by directors general.

Tier 1 and Tier 2 projects and programmes also undergo clearance from CoE within the Department to provide assurance for each of the five business cases, as well as any specialist assurance that may be required (analytical assurance, legal, etc.). Tier 3 projects and programs are the responsibility of public bodies' own investment approvals boards.

Risk Management

Risk management is an integral part of the Department's work, from policy development through to how programmes and money are managed. The Risk Management Policy outlines a 'no surprises, no blame' culture. The Department encourages well-managed risk taking and managers are expected to lead by example. A structured system of risk management throughout the Department's work feeds into regular monthly reporting of top risks to the Executive Committee (ExCo) and additional reporting to the Executive and Non-Executive Meeting (ENEM) and DfT Board.

In 2019, ExCo directed that a new sub-committee, chaired by a director general, should be set up to strengthen the 'second line of defence' in risk management. This is the DfT Risk Committee that began meeting in January 2020, and now meets monthly to conduct deep dives into key risks and review the top risks from each Group. It also looks at ways that risk management can be improved in the Department.

The Department's GARAC provides the third line of defence in risk management in the Department, which it does on behalf of the DfT Board. The Risk Committee reports to both GARAC and ExCo on a regular basis.

Risk escalation process for public bodies

The work of the Department's public bodies carries element of risk, which the organisations will capture and manage through their corporate risk arrangements and within the projects and programmes they run. It is standard procedure, as part of any arrangements between parent bodies and public bodies, that top risks are

shared with the parent department by following the DfT Risk Escalation Protocol. The Protocol is based on the three principles of Inform (escalating the body's top risks as a minimum); Warn (any risks that may affect DfT more than the body itself); and Consult (if the body needs to escalate the risk to DfT to help in its management).

In some cases, management of risk will be beyond the full control of the public body and may need the engagement of the DfTc to support risk mitigation and/or contingencies.

Management Assurance

The Department's Annual Management Assurance exercise gathers evidence on the implementation and operation of processes, procedures, and controls across the Departmental family. This enables the permanent secretary as principal accounting officer to confirm to Parliament, via the Annual Report, that robust systems and governance are in place. This exercise is conducted between December and April every year.

3. Relationships with public bodies

This section sets out the relationship between DfTc and its public bodies, including how responsibilities are delegated to those organisations, the assurance I receive as Principal Accounting Officer that spending and performance is being monitored, and how public accountability is maintained.

The Department has several public bodies which play a vital role in the work of DfT by delivering key infrastructure improvement programmes and projects, as well as core services to the public, regulatory oversight and licensing. DfT organisations operate with varying levels of autonomy according to their form and function. Many have separate boards and governance structures and publish their own annual reports. Those bodies within the Departmental family who are classified to the central government sector by the Office for National Statistics (ONS), are designated by HM Treasury for consolidation into the Department's Annual Report and Accounts. As the Principal Accounting Officer, I have appointed accounting officers within these organisations to be accountable for the funds allocated to them, and responsible for regularity, propriety and value for money. The Department's Estimate (the legal authority to consume resources and spend cash, to finance the Department's agreed spending programme), names individual accounting officers. <https://www.gov.uk/government/publications/supplementary-estimates-2019-20>

Executive agencies

The executive agencies are clearly designated (and financially viable) business units of the Department and are responsible for undertaking executive functions (as distinct from giving policy advice), each led by a chief executive. Executive agencies carry out services or functions with a focus on delivering specific outputs, with policy set by ministers. They are staffed by civil servants and operate with a degree of autonomy. The Department has four executive agencies:

- Driver and Vehicle Licensing Agency (DVLA)
- Driver and Vehicle Standards Agency (DVSA)
- Maritime and Coastguard Agency (MCA)
- Vehicle Certification Agency (VCA).

The chief executive of each of these agencies is appointed as the Accounting Officer, ultimately responsible to me as the Principal Accounting Officer. Sponsorship and finance business partner teams in the Department monitor the financial and performance data of these bodies and manage the day-to-day relationships.

DVSA and VCA charge fees to enable them to recover the full costs of their operations through income but can receive financial support from DfTc where income received is not enough to cover costs incurred. DVLA charges fees to enable it to recover the full costs of its core operations, though in addition DVLA receives funding from DfTc to undertake Vehicle Excise Duty collection and enforcement operations. Additional funding can be provided where income received is not enough to cover other costs incurred. These organisations report on their charging schemes in their own annual reports and accounts.

MCA derives around 4% of its income from charges for its services and 96% from funding allocated by DfTc (2019-20 outturn).

DfT's Non-Departmental Public Bodies (NDPBs)

These bodies have a role in the process of national government but are not part of a government department. They operate at arm's length from ministers, although a minister will be responsible to Parliament for the administration and performance of the NDPB. Some NDPBs are set up as companies under the Companies Act 2006 and can be limited by shares or guarantee. For these organisations the Secretary of State is normally the sole shareholder or member. Each NDPB has an independent board and an accounting officer, normally the chief executive. The Department works in partnership with a range of NDPBs including:

- East West Railway Company Limited
- British Transport Police Authority (BTPA)
- Transport Focus (TF) (including its subsidiaries Transport Focus Scotland Ltd and Transport Focus Wales Ltd)
- Northern Lighthouse Board (NLB)
- Trinity House Lighthouse Service (THLS)
- Commissioners of Irish Lights (CIL)
- Directly Operated Railways Ltd
- High Speed 2 Ltd (HS2 Ltd).

Network Rail and Highways England are government-owned companies. The Secretary of State for the Department is the sole member of these companies. Each has an independent board with a non-executive chair and a chief executive, who acts as the accounting officer. For both these NDPB this is a statutory role, which includes formal responsibility for the funds allocated to them by the Department. There is more information about DfT's companies and investments in Chapter 4.

Non-Ministerial Departments (NMDs)

NMDs operate similarly to normal government departments in the functions they perform, although they are usually more specialised and not as wide ranging in the policy areas they cover. NMDs generally cover matters for which direct political oversight is judged unnecessary or inappropriate. They are usually headed by a senior civil servant such as, with an independent non-executive chair and non-executive directors on the board. Whilst NMDs sit within central government, they fall outside of a department's accounting boundary.

The Office of Rail and Road (ORR) is classified as an NMD. Its Chief Executive is the Accounting Officer, who is accountable directly to Parliament rather than to the Department's ministers. The rail work of the organisation is funded through fees levied on the rail industry, while its roads work is funded by a grant from the Department. ORR's performance is monitored through regular ministerial and senior official engagement with its chair and chief executive, and through its direct accountability to Parliamentary Select Committees, for example, the Public Accounts Committee and the Transport Committee.

Public Corporations

Public corporations are market bodies controlled by either central government or local government. Market bodies are defined as entities that gain over 50 per cent of their income from purely commercial activities. As public corporations do not draw funding from the supply estimate process, it is not normal practice for the principal accounting officer to delegate accounting officer responsibility to these organisations. Therefore, the expectations associated with vote-funded money do not apply here, as these organisations are largely self-funded.

Public corporations can take many forms ranging from charities, to regulating bodies and government-owned companies. Regardless of the form they take, public corporations sit outside of central government, and outside of a department's accounting boundary. Therefore, public corporations have substantial day to day operating independence from their parent department and should be seen as a separate institutional unit.

The Department has the following public corporations within its portfolio:

- Civil Aviation Authority (CAA)
- London and Continental Railways Ltd
- Crossrail International Ltd
- DfT OLR Holdings Ltd
- LNER Ltd
- Northern Trains Ltd
- Trust Ports

On 31 July 2020, the Office for National Statistics reclassified twelve Train Operating Companies as Public Corporations, which took effect from 1 April 2020. These companies were contracted to deliver passenger rail services under franchise agreements with the Department. The reclassification decision assessed that the additional powers the Department obtained under the Emergency Measures Agreements gave it control for accounting purposes over these companies. However, the companies do not meet the criteria for consolidation into the Department's annual report and accounts. Further information can be found in the Department's Annual Report and Accounts Financial Statement 2019-20, note 28. <https://www.gov.uk/government/publications/dft-annual-report-and-accounts-2019-to-2020>.

Train operating companies legally owned by other entities but controlled by the Department through contractual mechanisms:

- The Chiltern Railway Company Limited,
- XC Trains Limited,
- Abellio East Anglia Limited,
- Abellio East Midlands Limited,
- Trenitalia c2c Limited,
- First Greater Western Limited,
- London and South Eastern Railway Limited,
- First MTR South Western Trains Limited,
- Govia Thameslink Railway Limited,
- First TransPennine Express Limited,
- First Trenitalia West Coast Rail Limited,
- West Midlands Trains Limited.

4. Investments and companies

The Department owns in full or part several companies and assets, a selection of which are described in this section along with details about how I as the Principal Accounting Officer gain assurance for the regularity, propriety and value for money of these investments.

A full list of the companies (including other types of incorporated bodies) in which the Department has a significant investment, directly or indirectly, is given in Annex A. These are held in furtherance of the Department's strategic objectives. Some generate a financial return either from their core activities or from complementary activities.

NATS Holdings Ltd

NATS Holdings Ltd ("NATS") is the main air navigation service provider in the United Kingdom and is classified to the private sector as the majority of its shares are owned by private sector bodies. The Secretary of State for Transport owns 48.9% and, of the remaining shares, 42% are owned by a consortium of private investors ("The Airline Group"), with the balance owned by employees. The Department's relationship with the company and the other shareholders is defined in the Shareholders' Agreement. In particular, the Department has a right to appoint three directors to the board, to appoint a shareholder representative, to approve the appointment of the chair and to block major strategic decisions. The board abides by the UK Corporate Governance Code. <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf>

NATS charges for air traffic control services on a regulated basis and earns non-regulated income in the UK and overseas. From this, it has usually been able to pay dividends. Due to COVID-19, the aviation sector is currently depressed, and the Civil Aviation Authority (CAA) has committed to reviewing NATS' regulatory funding settlement during 2022. As Principal Accounting Officer, I gain assurance over the Department's investment in NATS in the following ways:

- The NATS Board provides competent oversight of the company. It is composed of subcommittees covering audit, remuneration, nominations, safety and technical.
- The Department's shareholder representative meets with the Department's appointed directors before each board meeting to discuss areas of major interest or concern. Its directors have a duty as per the Shareholders' Agreement to inform the Department of any issue that could impact on the value of the Department's investment. The Department's Shareholder

Representative receives all board papers prior to each board meeting and meeting with the Department's directors.

- NATS is not within the public-sector accounting perimeter and is not subject to departmental spending controls. Its accounts are audited by external independent accountants.

London and Continental Railways Ltd (LCR)

LCR is a public corporation wholly owned by the Department. Having been successful in realising value from owned assets, LCR now seeks to deploy its real estate capability to support the strategic aims and objectives of the Department and wider government to generate public value from underutilised assets associated primarily with the railway network and working in partnership with both public and private sectors to do so. LCR also seeks to realise maximum value from its remaining owned assets at the earliest opportunity for the taxpayer. From these activities, it produces a financial return for the Department and wider benefits such as additional housing and regeneration. Its framework document sets out the accountability arrangements between the Department and the company, including the governance principles it should follow and the processes for approval of investment and disposal decisions.

Network Rail Ltd

Network Rail Ltd (through its subsidiary, Network Rail Infrastructure Limited) manages and improves the UK railway network. Other subsidiaries fulfil ancillary functions, such as providing insurance and servicing debt taken out while the company was classified to the private sector. In addition, Network Rail can generate commercial returns through the provision of consultancy services to export markets through Network Rail Consulting Ltd, and through property developments on surplus land through Network Rail Development Ltd and its joint ventures. Commercial returns from these activities are used to offset costs within the Network Rail group. A framework document sets out the accountability arrangements between the Department and Network Rail Ltd. The performance of the company is monitored by the regulator, the Department's shareholder team and a client sponsor team.

Trust Ports

Trust Ports are independent statutory bodies, each governed by their own, unique, statutes and controlled by a local, independent board. There are no shareholders nor owners and any surplus are ploughed back into each port for the benefit of its stakeholders. There are over 100 trust ports in the UK.

The largest trust ports are classified as public corporations. Like most public corporations the Trust Ports are outside of the Department's accounting boundary, however any borrowing they make requires cover in the Department's budget. The Department does not have any day-to-day interest in the running of Trust Ports, although the Secretary of State for Transport retains responsibility for appointing chairs and non-executive members to the boards of the small number of ports considered to be nationally significant.

Other DfT- owned companies

A list of the companies the Department owns or has an interest in is listed at Annex A. The list includes Companies House registration numbers and notes any companies that are dormant or not currently trading.

Dormant companies

The Department owns numerous companies that are classed as dormant. In a few cases, these are companies that have achieved their objectives and are being prepared for closure. Some are retained to ensure the Department has control over the name. Others are held in reserve to perform a strategic role (such as operating a rail franchise) and may be activated at short notice.

Train operating companies

The list of Public Corporations in Section three includes 12 train operating companies, which Office of National Statistics (ONS) reclassified to the public sector, due to the powers held by the Secretary of State under the Emergency Measures Agreements. These powers do not give the Department any rights to receive dividends or to benefit from a sale of the companies, and therefore the Department has no investment in the companies.

5. Local funding arrangements

This section contains information about the allocation of funding from the Department to local government. Much of this funding is not ring-fenced, so the local authority has flexibility in spending the funds. There is no direct line of accountability to the Department, therefore other arrangements are in place to ensure that I as Principal Accounting Officer can fulfil my responsibilities whilst respecting local accountability arrangements.

Grants to Local Authorities

The Department provides grants to local government from its Departmental Expenditure Limit (DEL). The Ministry of Housing, Communities and Local Government (MHCLG) Accounting Officer System Statement for Local Government <https://www.gov.uk/government/publications/mhclg-accounting-officer-system-statement-2020>, explains that whilst the Accounting Officer for MHCLG is responsible for the core Local Government Accountability Framework for local authorities and for ensuring that it is working and contains the right checks and balances, other departmental accounting officers are accountable for distribution of grants from their budgets to local government to support delivery of other policy areas.

The Department's grants to local government can be classified into six broad groups:

- Formula grants
- Challenge or bid-based grants
- Local Growth Fund grants
- Greater London Authority transport grant
- Crossrail grant
- Local Government and rail services.

Each of these six groups and the individual grants within them is described further below.

Formula grants

The Department provides six grant streams or blocks of funding to local government (outside of London) via formula:

- The Highways Maintenance Block.
- Transforming Cities Fund (Mayoral Combined Authorities).
- The Bus Service Operator Grant (BSOG) for Local Transport Authorities' (LTAs) tendered bus services.

- COVID-19 emergency funding for LTAs' tendered bus services through the COVID-19 Bus Service Support Grant (CBSSG) Restart scheme and its predecessor, the CBSSG scheme.
- COVID-19 emergency funding for light rail through the Light Rail Revenue Restart Grant (LRRRG) scheme and its predecessor, the Light Rail Revenue Grant (LRRG).
- The Integrated Transport Block. <https://webarchive.nationalarchives.gov.uk/20120606203018/http://assets.dft.gov.uk/publications/local-transport-capital-block-funding/it-block-formula-explanatory-note.pdf> and <https://webarchive.nationalarchives.gov.uk/20120606203020/http://assets.dft.gov.uk/publications/local-transport-capital-block-funding/maintenance-block-formula-explanatory-note.pdf>

Each formula is based on the relevant transport needs that the funding stream aims to provide for and has been constructed in conjunction with the sector.

The total amount of each funding stream or block is set by the Department and then individual allocations are paid to local authorities based on the formula calculation. In line with the government's policies for such grants, the funds are not ring-fenced. This provides local authorities with flexibility to spend the funding according to local priorities and be accountable to local communities. For the emergency COVID-19 grants there are spending conditions, for example, LRRRG can only be used to support light rail services.

MHCLG's Principal Accounting Officer, as lead accounting officer across central government with respect to local government, provides assurance that a core framework is in place that requires local authorities to act with regularity, propriety and value for money in the use of all their resources. They also provide assurance, at annex A of MHCLG Accounting Officer System Statement that central government departments can "rely on this framework for accountability arrangements for not ringfenced funds allocated to local authorities".

Within this core framework, local authorities are responsible and accountable for the legal use of funds and every local authority has a responsibility to plan for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs. A system of legal duties requires councillors to spend money with regularity and propriety.

Local authorities are required to have an annual external audit, and the certification of local authorities' annual accounts by the auditor provides general assurance that the totality of their expenditure is within their legal powers. Auditors also assess whether arrangements are in place to ensure that authorities have used their resources effectively and efficiently. Ultimately local authorities are accountable to their local electorate.

Local authorities are also recommended to have whistleblowing arrangements in place for dealing with concerns raised about wrongdoing where reporting is in the public interest.

MHCLG Accounting Officer's System Statement also sets out, at paragraph 2.15, the minimum data local authorities should be publishing to allow comparisons of performance between different authorities and types of authorities, as a means of strengthening local accountability.

The Department, working with the Local Government Association (LGA) and others, ensures that relevant transport data and performance is included in the LG Inform tool <https://lginform.local.gov.uk/>. This includes data on road condition and expenditure and allows the public to compare these factors by region and by local highway authority. <https://www.local.gov.uk/our-support/peer-challenges/peer-challenges-we-offer/highways-maintenance-efficiency-programme> This work includes improving asset management, smarter procurement and promoting collaborative working between authorities and the private sector. Much of it is carried out by four delivery partners:

- Local Partnerships (LPs)
- The Local Government Association (LGA)
- The National Highways and Transport Network (NHT)
- The Chartered Institute of Highways and Transportation (CIHT).

Transforming Cities Fund

The Transforming Cities Fund is being utilised by six Mayoral Combined Authorities to deliver a range of transport benefits including public transport and active travel enhancements, in line with the objectives of the fund. Per Capita Formula funding has been adopted through the Transforming Cities Fund, which allocated funding to cities based on their population. Mayoral Combined Authorities receiving this funding are responsible for assuring investment decisions through local assurance frameworks, which have been scrutinised and agreed with the Department.

Bus Service Operator Grant (BSOG)

£43 million of BSOG is devolved annually to LTAs to maintain existing bus service provision, via a tendering process. The grant is paid according to the amount of fuel used in running local services. The LTAs are required to complete an annual survey to determine their allocations and provide a declaration annually of how they have used the funding.

COVID-19 Bus Service Support Grant (CBSSG) Restart LTAs

The CBSSG Restart scheme and its predecessor, the CBSSG scheme, provide emergency funding support to LTAs during COVID-19 to maintain bus services, via a tendering process. Funding is currently being provided to up to 77 LTAs on an eight-week rolling basis. Estimated funding allocations are based on a list of allowable uses for the funding. The Department determines appropriate allocations for each tranche of funding to help each LTA with the cost of running tendered services without making a profit from the support provided while patronage is reduced following government COVID-19 guidelines.

The original LTA CBSSG scheme ended at the start of June 2020. As part of the ring-fenced grant conditions attached to that funding, the Department required that any underspend be returned to the Department.

LTAs were required to provide a chief auditor's confirmation that their LTA CBSSG was spent appropriately. As part of LTA CBSSG Restart, in July 2020 the Department changed this requirement to a single sign-off at the end of the scheme (as opposed to at the end of each eight-week period) and included an amendment to the Memorandum of Understanding, which allows LTAs to provide S151 officer sign-off instead of chief auditor sign-off.

Light Rail Revenue Restart Grant (LRRRG) scheme

LRRRG scheme and its predecessor, Light Rail Revenue Grant (LRRG), provide emergency funding support to local transport authorities to maintain light rail services during COVID-19.

Funding is currently being provided to six local transport authorities through the LRRRG scheme. Estimated funding allocations are based on the Department's analysis of the predicted patronage, costs and revenues of each light rail system. Actual payments are then calculated by the Department using data on costs and revenues, which each local transport authority is required to submit on a four-weekly basis. The Department calculates the amount of funding required to help each authority break even (if their light rail operations were breaking even or profit-making prior to COVID-19), or to cover the funding gap to their pre-COVID-19 loss, which is used as a baseline (if their light rail operations were loss-making prior to COVID-19).

A reconciliation process, using open-book accounting, is carried out by an independent accounting firm every 12 weeks to ensure each authority has received the correct amount of grant funding. If necessary, following the outcome of this process the Department will make additional payments to, or claw back money from, the grant funding recipients.

The Integrated Transport Block is typically used by local authorities to fund a wide variety of small-scale improvements to local transport networks such as improving road safety, reducing congestion, traffic management, walking and cycling schemes, improving accessibility and public transport. Alongside reviewing the formula for this funding stream, the Department is keen to work with the local transport sector to improve transparency of local spending decisions and evidence on outcomes, as a means of further strengthening local accountability. The Highways Maintenance Incentive Element encourages local authorities to identify the appropriate competencies required for highway infrastructure asset management and any further training that may be required.

Challenge or bid-based grants

The Department provides bid-based grants to local government for a number of specific transport purposes. The following grants were in operation in 2020-21:

- Access Fund

- Active Travel Fund
- All Electric Bus Town
- E-bike scheme
- E-cargo bike (managed by EST)
- Grant schemes supporting Office for Zero Emission Vehicles (OZEV)
- Local Highways Maintenance Challenge Fund
- New Stations Fund
- Rural Mobility Fund
- Safer Roads Fund
- Major Road Network / Large Local Major Schemes
- Transforming Cities Fund (Tranche 2).

In each case the process involves the Department appraising and assessing bids on various criteria relevant to that fund, including value for money. Mechanisms are in place to ensure the propriety of the funding, (i.e. that the funding has been spent for the purpose for which it was intended). The specific nature of these grants means that the Department's assurance processes for these funds are in addition to the government's core accountability system for local government.

Local Growth Fund grants

The accountability arrangements for the Local Growth Fund as a whole are set out in Annex B (Accountability for Local Growth Funding) of the Accounting Officer System Statement, for MHCLG, which describes the specific accountability structures and processes through which value for money is assured.

The Accounting Officer for MHCLG is responsible for the award of the Local Growth Fund (LGF) and Getting Building Fund (GBF) to Local Enterprise Partnerships and for those elements of the LGF and GBF which are awarded to Local Enterprise Partnerships from MHCLG's DEL. Those elements of the Fund which remain on other departments' DEL are subject to their own funding and oversight mechanisms. These comprise funding from the Department and the Department for Business, Energy & Strategy (BEIS).

In the Department's case this means that I as the Principal Accounting Officer retain responsibility for decisions on the funding of individual schemes within the Local Growth Fund in the following category:

It was agreed by ministers that the funding for some of the larger transport schemes identified in the Growth Deals published in July 2014

<https://www.gov.uk/government/collections/local-growth-deals> and subsequent expansions would be retained by the Department. (In most cases these are schemes with LGF funding of £10 million or over and a total project cost of £20 million or over) These are commonly known as portfolio schemes. Decisions on release of funding rests with the Department's ministers and is usually subject to full business case assessment. Once approved, funding for the scheme is provided annually in advance to the accountable body of the relevant Local Enterprise Partnership.

Grants for schemes in both above categories are paid through Section 31 of the Local Government Act 2003. The scheme promoters are required to undertake proportionate monitoring and evaluation to assess whether the schemes have delivered value for money and to ensure that lessons are learnt for further investment decisions. A Monitoring and Evaluation Framework for local authority major transport schemes is available to scheme promoters.

<https://www.gov.uk/government/publications/monitoring-and-evaluation-framework-for-local-authority-major-schemes> For portfolio schemes, the Department works with individual scheme promoters to agree specific scheme-by-scheme proposals for monitoring and evaluation.

Greater London Authority transport grant

The Secretary of State has a duty under section 101 of the Greater London Authority Act to provide a transport grant to the Greater London Authority (GLA) which it in turn is obliged to pass to Transport for London (TfL). The Department cannot direct the Mayor of London's use of the funding, but remains concerned that regularity, propriety and value for money in the use of these resources is achieved.

It does this in several ways:

- The Department retains high level oversight of TfL at official level, including through monitoring TfL's Business Plan and Budget, and its progress in delivery of the investment programme.
- The Department's grant to TfL is split into an investment grant (capital) and a general grant (resource). Since 2017, the Capital transport grant has been included in the Business Rates Retention Scheme. The Revenue grant gradually reduced in line with the SR15 settlement.
- In common with local authorities, TfL and the Mayor of London are responsible for the use of funds and the proper administration of their financial affairs. This includes external audit and certification of TfL's accounts. Furthermore, as a democratically elected representative, the Mayor of London is accountable to the electorate and to the London Assembly.

In response to COVID-19 and the significant loss of income to TfL, the government paid emergency funding to TfL in two specific packages across FY 2020-2021. Several conditions were attached to this funding, including scrutiny of TfL's management accounts and cash flow forecasts as well as operational conditions. These are monitored regularly through a Department-led oversight board.

Crossrail grant

The relationship between the two sponsors of Crossrail – the Department and TfL - is governed by a parallel Sponsors Agreement (signed in 2008). This established a Sponsor Board to act on behalf of both sponsors (on which the Department and TfL had equal representation), and a working-level Joint Sponsor Team.

While the Department remains a joint sponsor, on 1 October 2020 TfL took full responsibility for completing the project. The Sponsor Board was replaced by the Elizabeth Line Committee, which provides high-level oversight and has a DfT Special Representative, and the Elizabeth Line Delivery Group, which focusses on delivery.

The Sponsors are supported by a jointly appointed Project Representative, which has full audit rights over the performance of Crossrail Ltd under the project agreements.

Under the terms of a Project Development Agreement (PDA) signed in 2008, the Secretary of State pays grants to Crossrail Ltd, a subsidiary of TfL, towards the costs of building Crossrail. Additional grant payments are also made by TfL. A schedule to the PDA sets out the time profile of the total grant payments that each of the project sponsors (the Department and TfL) makes.

In addition, in 2019, two further loan agreements from the Department were agreed, with the Greater London Authority and TfL respectively. Under the agreements, the funds are released progressively as and when needed by Crossrail Ltd, and in line with the steps set out in either the loan agreements themselves or the Supplemental Agreement to the Sponsors Agreement.

Crossrail Ltd is responsible for the management and delivery of the Crossrail project, subject to detailed governance and accountability arrangements set out in the PDA. These include the provision of construction reports to provide progress updates to the sponsors, as well as updated forecasts of costs.

In addition to the specific accountability and reporting requirements set out in the PDA, Crossrail Ltd is subject to the normal legal requirements of any local authority-owned company for the administration of its financial affairs, accounting and audit.

Local Government and Rail Services

The Department makes various grants and payments to local authorities in order for them to pay for the operation of rail services.

This includes grants to Passenger Transport Executives (PTEs) to cover their costs of administering local rail services and a grant to Rail North to cover their costs of managing the Northern and TPE franchises. PTEs in receipt of administration grants from the Department are Transport for Greater Manchester, Nexus, Merseytravel, Metro and South Yorkshire PTE.

The Department also makes specific additional payments to Transport for Greater Manchester and Nexus (the operator of the Tyne & Wear Metro) for provision of certain tram and rail services not covered by Franchise Agreements nor administration grant funding.

In addition, the Department makes payments to the West Midlands Rail Executive (WMRE) and Transport for East Midlands (TfEM). Annual payments are made as part of a Collaboration Agreement between the Secretary of State and the respective local authorities that began at the outset of the most recent East Midlands (2019) and West Midlands (2017) franchise awards, related to the management of those franchises.

Merseyrail Grant

Under Section 157 of the Transport Act 2000 the Department makes grants to the Merseyside Integrated Transport Authority (Merseytravel) for the operation of passenger rail services on the Merseyrail Electrics Network. Rail services are operated under a concession arrangement; the concession runs for a period of 25 years from 2003.

Annual grant payments cover the eligible contract costs plus the administrative costs incurred by Merseytravel connected with the provision of rail services in the integrated transport area. The amount of grant is variable, subject to indexation and calculated in accordance with the formula set out in the funding agreement between the Department and Merseytravel. Grant funding arrangements are reviewed on a five-yearly cycle.

The Funding Agreement requires Merseytravel to provide an audited certificate of the eligible costs of railway services signed by an independent auditor.

Nexus Grant

Nexus (Tyne and Wear Transport Executive) owns, manages and maintains the Tyne and Wear Metro. Since February 2010 the Department has provided Nexus with ongoing funding support under Section 6 of the Railways Act 2005. This takes two forms: a resource grant to contribute towards the direct, annual cost of running the Metro, and a capital grant to contribute towards Nexus' Asset Renewal Plan.

In addition, there is a separate capital grant of £337 million for the Metrocar Fleet Replacement Programme (2019-20 to 2025-26). A bi-annual independent review is carried out to assess cost and efficiency.

Nexus is also currently receiving emergency LRRRG funding (see LRRRG section above) to support the Metro system during COVID-19.

System Failure and Intervention

Transport statutory duties leave local authorities with some discretion over the level and type of service they provide. Local authorities choose how to organise their operations based on their responsibilities and needs. As a result, the Department does not have a singular definition of minimum service standards, instead general transport service guidance is given.

Monitoring of transport statistics and information provides the Department with early warning of failure or significant drops in performance, which enables appropriate action to be considered. The Department monitors data using various tools such as LG Inform. This tool organises transport-related data such as transport expenditure, service provision, road conditions and accidents for all local authorities. If data is not publicly available, the Secretary of State may direct a local traffic authority to provide information on the performance of its network management duties.

Other methods used to monitor transport data and information include regular engagement with the local transport sector. This allows the local engagement teams to identify any concerns and work with the local authority to address any emerging issues.

For specific DfT grants (such as the Local Highways Maintenance Challenge Fund), made to address a specific need (for example a time-limited project or piloting new approaches or policies), value-for-money is scrutinised in the relevant approval process, progress and spend are closely monitored and outcomes are often specified explicitly in the agreement process. Where funding allocated to local authority is un-ringfenced, the money spent is monitored by internal and external auditors.

Unlike failure in departments such as Education or Health, transport failure in most instances occurs over a relatively long period of time. Consequently, the Department's approach is to monitor and provide assistance to local authorities to reduce the risk of failure and the need for intervention by the Department. For example, the Department identified a backlog in highways maintenance and put remedial actions into place through the competitive local Highways Maintenance Challenge Fund to address failing infrastructure such as bridges damaged by floods and heavy vehicles, in tranches from 2015 to 2020.

The Department minimises failure risk by adhering to the Transport Resilience Plan. (*Transport Resilience Review. A review of the resilience of the transport network to extreme weather events (2014)*)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335115/transport-resilience-review-web.pdf The plan outlines the protocols that are expected to be followed in certain situations such as extreme weather events. For example, the Department's salt protocol instructs Highways England to build up an emergency salt reserve to ensure national resilience for the winter season. The Department's electronic web-portal system monitors local highway authority salt stocks throughout the winter season and allows the efficient allocation of salt from the emergency salt reserve, when required.

If a local authority is failing to deliver its statutory duties the Secretary of State can act by issuing an intervention notice. If the response to the intervention notice is unsatisfactory and the authority is still failing to perform its duties, as a last resort an intervention order can be issued to appoint a traffic director for that authority, who will ensure that the duty in question is properly performed. This is covered in section 21 of the Traffic Management Act 2004 www.legislation.gov.uk/ukpga/2004/18/contents

The Department's system of accountability for funds it provides to local government is based on the MHCLG Accounting Officer's core framework for the accountability of local government as a whole, the additional Departmental mechanisms in place for its bid-based funding, and the systems which have been established by TfL both individually and jointly with the Department. This system allows me, as Principal Accounting Officer, to provide the assurance that the Department will spend its money in line with the principles set out in Managing Public Money.

Sub-National Transport Bodies (STBs)

The Department has seven STBs:

- England's Economic Heartland (pre-statutory basis)
- Midlands Connect (pre-statutory basis)
- Transport East (pre-statutory basis)
- Transport for the North (statutory basis since 1 April 2018)
- Transport for the South East (pre-statutory basis, formal application submitted)
- Western Gateway (pre-statutory basis)
- Peninsula Transport (pre-statutory basis).

These cover each region of England, apart from London. STBs bring together stakeholders in each region, with each of their constituent authorities sitting on the board, plus Local Enterprise Partnership (LEP) representation. The Department sponsors STBs to conduct two primary responsibilities on its behalf: developing a long-term transport strategy for their region and providing the Secretary of State with advice on strategic prioritisation of transport schemes. Grants paid to Transport for the North and Midlands Connect are paid directly to these organisations, whilst grants paid to the other five STBs are paid to the constituent authority that has been designated as that STB's accountable body.

6. Grants to private and voluntary sector bodies

Central government departments provide grants for specific purposes to private sector and voluntary sector organisations. These are made under statute and with specific conditions, for example about project terms. This section sets out the accountability and assurance arrangements in place to ensure that I, as Principal Accounting Officer, gain certainty over regularity, propriety and value for money.

As Principal Accounting Officer I am responsible for ensuring that the Department uses its resources efficiently, economically and effectively, avoiding waste and extravagance. The Cabinet Office published guidance in December 2016 on a grants standard process to ensure best practice is managed across all government departments, which the Department adopted.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/896334/Grants-Standards-Guidance-INTRO.pdf

Grants form a significant part of the Department's expenditure. As Principal Accounting Officer, I am responsible for ensuring that:

- any grant awarded contributes to and achieves value for money on behalf of the taxpayer.
- the grant is for a proper transport-related cause (in line with departmental policy).
- the recipient is competent to manage the grant.
- the funds are allocated and spent as per the grant offer letter.
- the Department has evidence that the works or services provided have been completed satisfactorily.

Each letter of award sets out the responsibilities and conditions under which the applicant can make a claim, along with the documentation required as supporting evidence. The letter also contains a statement about the weight the Department places on investigating and dealing with any actual or suspected fraud.

The Department publishes the grant schemes it operates within the Government Grants Register which is published annually.

<https://www.gov.uk/government/publications/government-grants-register> Each year the Secretary of State also publishes a report detailing the organisations and projects which received funding to deliver Departmental objectives under section 70 of the Charities Act 2006. <https://www.gov.uk/government/publications/dft-use-of-powers-under-section->

[70-of-the-charities-act-2006-february-2017](#) The report sets out the name of the third-party delivery body, the amount of funding it received and a summary of the objectives that the funding was expected to deliver along with an assessment of the performance.

COVID-19 Bus Service Support Grant (CBSSG) restart for the private sector

CBSSG and its predecessor, provide emergency funding support to commercial operators to keep bus services running across England outside London during COVID-19. Up to £27.3 million of funding is currently being provided to over 210 operators on an eight-week rolling basis.

The CBSSG scheme provided up to £167 million to support bus operators to run up to 50 percent of service levels throughout the 12-week period from 17 March to 8 June 2020. Up to £237 million funding was subsequently provided to commercial operators through the CBSSG Restart scheme, which supported up to 100 percent of pre-COVID service levels for the period from 12 May to 3 August 2020. This funding is intended to cover the costs of providing such a service, but operators will not be able to realise an operational profit from it. In addition, the Department has continued to pay bus operators' existing funding of around £200 million a year through the Bus Service Operators Grant over the COVID-19 period as if they were operating at normal levels.

Commercial operators complete a survey at the end of each CBSSG Restart four-week period. The Department determines funding for each operator based on "live" commercial bus kilometres and patronage (excluding concessionary passengers) data provided by the operator, a CBSSG Restart rate of £1.14 per kilometre and a scaling factor to adjust for the impact of higher fare revenue as a result of growing patronage. The scaling factor reduces the allowable live kilometres eligible for central government support according to the percentage of monthly patronage.

A reconciliation process is carried out by an independent accounting firm after each 12-week period to ensure each operator has received the correct amount of grant funding. Following the outcome of this process, the Department will make additional payments to, or recover money from, operators.

7. Major contracts and outsourced services

The Department delivers significant parts of its core services through contracts with third party suppliers. This section details the scale and significance of those contracts, and a summary of the arrangements in place to ensure that I as Principal Accounting Officer can confirm that each project meets Her Majesty's Treasury's value for money criteria and is assured.

The Department has several major contracts with third parties, which deliver services directly to the public or support public services. Types of contracts comprise:

Advisory support:

- For example, Group Commercial buys c£200 per annum of advisory support for the Department's customers (Rail Operator of Last Resort). Advisory support can be financial, technical and legal.

Capital solutions:

- The refurbishment of Great Minster House.

Operating Solutions:

- The procurement of Freight for Category 1 Goods, during Brexit transition/after or arrangements for Rail franchises taken into public ownership, at termination of the current arrangements (using Operator of Last Resort provisions).

Specific interventions to address COVID-19 impacts:

- Public service obligations regarding specific air and sea routes through the related operators.

Departmental investment/governance roles in companies or other entities which provide solutions:

- MCA - Search and rescue capability comprising helicopters and unmanned aerial vehicles.
- East West Rail Company Ltd - procurement of rail rolling stock and infrastructure between Oxford and Cambridge.

The Department is structured to make the commercial decisions needed to execute solutions. IPDC is the Department's highest investment board, chaired by me as the Principal Accounting Officer with membership including the Executive Committee (directors general and General Counsel), the Lead Non-Executive Director and heads of relevant professional functions including the commercial function. The Department's Group Commercial Directorate operates a Group Operating Model (GOM), comprising the procurement and contract management teams in DfTc, executive agencies and public bodies.

Group Commercial Directorate makes available three services to the Group to ensure that procurement by Modal Teams in DfTc and public bodies is good value for money, affordable and deliverable (HM Treasury criteria). The Directorate also specifically considers the risk of challenge by the market and whether to accept this, given the probability of success. The Divisions in Group Commercial which are directly involved in outsourcing are:

Client Relationship Management (CRM)

- Runs the Department's commercial IT system (Jaggaer, part of future Shared Services) and records procurement process for all DfT/CCS advisers
- Buys c£200-400 million of advisers per year for the Department and its public bodies.
- Embeds into DfTc and public bodies to provide commercial and procurement advice on specific interventions, for example the ND Transition Sea Freight Capacity procurements for c£200 million, Search and Rescue procurements for c£4 Billion and Operation Brock/Stack procurements (for HGV parking) for c£30 million.
- Provides commercial advice on structuring interventions, for example Northern Ireland Airbridge (£5million). Freight public services obligations - current, Airport Grants Scheme – which is current and in progress.

Assurance & Supply Chain Management

- Assures Tier 2 and 3 projects (£100 million) through progressive assurance reviews on behalf of IPDC.
- Supports IPDC assurance of Tier 1 projects (£500 million).

Policy and Capability

- Helps the Department understand policy direction and prepares customised notices for the Department.
- Assists the Department's sponsors and shareholders of public bodies to develop framework documents setting out the governance and accountability arrangements of the Department's relationships with its public bodies.

Accountability for outsourced delivery of public services ultimately rests with me, as the Principal Accounting Officer, and the Secretary of State, however, third parties remain accountable for the safe delivery of public services in accordance with their contracts.

Annex A

The table below sets out the companies (and other types of incorporated bodies) in which the Department has a significant investment, directly or indirectly. It reflects the position as at March 2021. Unless otherwise indicated, the company is incorporated in the UK and the Department's proportionate ownership is 100%. The table includes the company's registered name, its company number, legal form and whether it is currently active or dormant, based on the financial statements at Companies House. In some cases, this information is not readily available for various reasons: for example, if a body is newly incorporated, there may be insufficient information to determine if it is currently active. Older bodies incorporated under Royal Charter, for example, may not be required to file information at Companies House.

The list starts with those public bodies that the Department currently consolidates into its accounts (highlighted green), as these have the most significant strategic role. If a company is not consolidated, this may be because it is classified as a market body (rather than a central government body), or as a non-UK body, or because the Department does not hold a majority stake (and therefore does not control it). In addition, many of the bodies that the Department consolidates are not listed here, because they are not incorporated bodies. Arrows indicate the corporate structure.


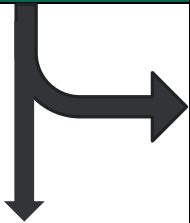
In July 2020 ONS reclassified certain train operating companies as public corporations due to the powers given to the Department under the Emergency Measures Agreements. They are listed separately, because the Department does not have the rights associated with being a shareholder: for example, it cannot extract a dividend.

There are two main reasons for the Department owning or controlling companies:

- Bodies that were originally classified to a different sector, for example, private companies, public corporations, but were subsequently re-classified to central government. The most significant example is Network Rail, but others include London and Continental Railways Limited, the General Lighthouse Authorities. The bodies have been re-classified either because ONS changes its views on the pre-existing arrangements or because the body runs into problems and needs support from the Department.
- Bodies that perform functions which were previously performed by DfT or an executive agency, until the functions were transferred to a separate company. The most significant example is Highways England, which took most of the functions performed by Highways Agency. Other examples include NATS (which was set up as public private partnership).

Some, but not all, of those companies have subsidiaries of their own rather than having all of the functions being carried out by one company. There are three main reasons for this:

- To enable the assessment of the performance of each function in isolation. For example, when Department acts as operator of last resort for passenger rail services, each operation will be managed by a different company, for example, LNER, NTL. If the Department wanted to transfer those functions back to the private sector, it would be easier for potential investors to assess how profitable it is.
- To use limitation of liability – this is of most importance in the private sector, so may be a legacy feature – it allows the owner/shareholder to minimise the risks associated with its investment; a shareholder has limited liability for the losses of its subsidiary.
- It makes it easier to separate the group, for example, to privatise the function.


Directly held entities	Their subsidiaries	Their subsidiaries	Their subsidiaries	Their subsidiaries	Their subsidiaries
Company Name Company Number Type Status	Company Name Company Number Type Status	Company Name Company Number Type Status	Company Name Company Number Type Status	Company Name Company Number Type Status	Company Name Company Number Type Status
The Department for Transport is a member (shareholder or guarantor), or has analogous powers for the following companies:					
Network Rail Ltd 4402220 Private company limited by guarantee Trading					
	Network Rail Hold co Ltd 4423711 Private company limited by shares Trading				
		Network Rail Infrastructure Ltd 2904587 Private company limited by shares Trading			

				Network Rail Insurance Ltd Guernsey 30759 Private company limited by shares Trading		
				Network Rail Pension Trustee Ltd 5067789 Private company limited by guarantee Dormant		
				Solum Regeneration Epsom (GP) Ltd (50%) 7384604 Private company limited by shares Trading		

				The Station Office Network LLP (50%) OC370469 Limited liability partnership Trading		
				Blockwork LLP (50%) OC389163 Limited liability partnership Trading		
				West Hampstead Square LLP (50%) OC385953 Limited liability partnership Trading		
				Innova Investment Partnership GP Ltd (50%) 6615309 Private company limited by shares Trading		
				Network Rail Certification Body Ltd 7885266 Private company limited by shares Trading		

				Network Rail (VY1) Ltd 8470403 Private company limited by shares Trading		
				Network Rail (VY2) Ltd 8470404 Private company limited by shares Trading		
				Network Rail (Assets) Ltd 8225646 Private company limited by guarantee Dormant		
				Network Rail (Projects) Ltd 2938978 Private company limited by shares Dormant		

				Network Rail Property Ltd 10096751 Private company limited by shares Dormant		
				Kew Bridge Manco Ltd 9404057 Private company limited by guarantee Dormant		
				Victoria Place Shopping Centre Ltd 6363713 Private company limited by shares Dormant		
				Spacia (2002) Ltd 4377629 Private company limited by shares Dormant		
				Network Rail (Stations) Ltd 2938983 Private company limited by shares Dormant		

				Network Rail (Spacia) Ltd 3881191 Private company limited by shares Dormant	
				Network Rail Consulting Ltd 8071984 Private company limited by shares Trading	
					Network Rail Consulting Pty Ltd Australia ACN 164 388 425 Australian proprietary company, limited by shares
					Network Rail Consulting Inc USA (Delaware) Delaware file number: 5344884
					Network Rail Consulting (Canada) Inc. Canada (British Columbia) Business Number (BN): 734548324

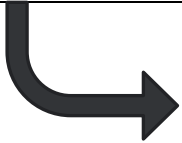
				Network Rail Development Ltd 6569617 Private company limited by shares Trading		
					Innova Investment Limited Partnership (50%) LP013163 Limited partnership	
					Solum Regeneration (Guildford) LLP (50%) OC400332 Limited liability partnership Trading	
					Solum Regeneration (Haywards) LLP (50%) OC375535 Limited liability partnership Trading	

					Solum Regeneration (Epsom) Limited Partnership (49.95%) LP014114 Limited partnership	
					Solum Regeneration (Kingswood) LLP (50%) OC400339 Limited liability partnership Trading	
					Solum Regeneration (Redhill) LLP (50%) OC400337 Limited liability partnership Trading	
					Solum Regeneration (Maidstone) LLP (50%) OC400331 Limited liability partnership Trading	

					Solum Regeneration Holding 2 LLP (50%) OC400335 Limited liability partnership Trading	
					Solum Regeneration (Surbiton) LLP (50%) OC400341 Limited liability partnership Trading	
					Solum Regeneration (Bishops) LLP (50%) OC400338 Limited liability partnership Trading	
					Solum Regeneration Holding 1 LLP (50%) OC400336 Limited liability partnership Trading	



			Newcastle NE1 Ltd 6500486 Private company limited by guarantee Trading		
			Network Rail Infrastructure Finance plc 5090412 Public company limited by shares Trading		
			Network Rail MTN Finance Ltd 4864307 Private company limited by shares Dormant		
Highways England Company Ltd 9346363 Private company limited by shares Trading					


High Speed Two (HS2) Ltd 6791686 Private company limited by guarantee Trading					
DfT OLR Holdings Ltd 7141122 Private company limited by shares Trading					
	London North Eastern Railway Ltd 4659712 Private company limited by shares Trading				
	Train Fleet (2019) Ltd 12000794 Private company limited by shares Trading				

	SE Trains Ltd (was DfT OLR2 Ltd) 3266762 Private company limited by shares Trading				
	Northern Trains Ltd (was DfT OLR3 Ltd) 3076444 Private company limited by shares Trading				
	C2C Railway Ltd (was DfT OLR7 Ltd) 4659669 Private company limited by shares Dormant				
	South Western Railway Ltd (was DfT OLR5 Ltd) 3266760 Private company limited by shares Dormant				




	Greater Western Railway Ltd (was DfT OLR4 Ltd) 4661194 Private company limited by shares Dormant				
	Cross Country Rail Ltd (was DfT OLR6 Ltd) 4659516 Private company limited by shares Dormant				
	Railway West Coast Ltd (was DFT OLR8 Ltd) 12544684 Private company limited by shares Dormant				
	GA Trains Ltd (was DFT OLR9 Ltd) 12544897 Private company limited by shares Dormant				

	<p>Transpennine Trains Ltd (was DFT OLR10 Ltd) 12544930 Private company limited by shares Dormant</p>				
	<p>Chiltern Rail Ltd (was DFT OLR11 Ltd) 12544800 Private company limited by shares Dormant</p>				
	<p>WM Trains Ltd (was DFT OLR12 Ltd) 12545250 Private company limited by shares Dormant</p>				
	<p>Midlands East Trains Ltd (was DFT OLR13 Ltd) 12545264 Private company limited by shares Dormant</p>				


	Thameslink Southern Great Northern Ltd (was DFT OLR14 Ltd) 12545324 Private company limited by shares Dormant				
Directly Operated Railways Ltd 6950819 Private company limited by shares Trading					
CTRL Section 1 Finance plc 4868980 Public company limited by shares Trading					
LCR Finance plc 3608329 Public company limited by shares Trading					


Civil Aviation Authority Statutory corporation Trading					
	CAA International Ltd 4104068 Private company limited by shares Trading				
	Air Safety Support International Ltd 4104063 Private company limited by shares Trading				
Trinity House Corporation RC000622 Royal Charter company Trading					
Commissioners of Northern Lighthouses					
Commissioners of Irish Lights					

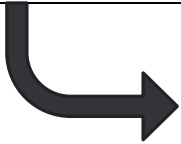


East West Railway Company Ltd 11072935 Private company limited by shares Trading					
Passengers Focus/Transport Focus/Passengers' Council					
	Transport Focus Scotland Ltd SC643794 Private company limited by guarantee Dormant				
	Transport Focus Wales Ltd 11439946 Private company limited by guarantee Trading				
NATS Holdings Ltd (48.9%) 4138218 Private company limited by shares Trading					



	 <p>NATS Employee Sharetrust Ltd 4152329 Private company limited by shares Dormant</p>				
	<p>NATS Ltd 3155567 Private company limited by shares Trading</p>				
		 <p>NATS (En Route) plc 4129273 Public company limited by shares Trading</p>			
		<p>NATS (Services) Ltd 4129270 Private company limited by shares Trading</p>			
			 <p>Aquila Air Traffic Management Services Ltd (50%) 9256777 Private company limited by shares Trading</p>		


			National Air Traffic Services Ltd 5685495 Private company limited by shares Dormant		
			NATS Solutions Ltd 9150697 Private company limited by shares Trading		
			NATSNV Ltd 4164590 Private company limited by shares Trading		
			NATS (USA) Inc - USA Delaware 4999790		
			FerroNATS Air Traffic Services SA - Spain (50%) NIF: A86164894		
			European Satellite Services Provider SAS - France (16.67%) SIREN 508 275 286		

			NATS Services (Asia Pacific) Pte. Ltd - Singapore 201414806D		
			NATS (Services) Canada Inc - Canada Business Number (BN): 717854095		
			Searidge Technologies Inc- Canada (50%) Business Number (BN) 896191111RC0002		
			NATS Services (Hong Kong) Ltd - Hong Kong CR No. 2675556		
			NATS Services DMCC - Dubai		
				NATS Services LLC - Oman (70%)	
London & Continental Railways Ltd 2966054 Private company limited by shares Trading					


	<p>KXC (LCR) GP Investment Ltd 6387694 Private company limited by shares Dormant</p>				
	<p>KXC (LCR) LP Investment Ltd 6363094 Private company limited by shares Dormant</p>				
	<p>LCR St Pancras Chambers Ltd 5777113 Private company limited by shares Dormant</p>				
	<p>LCR Stratford GP Ltd 7378099 Private company limited by shares Dormant</p>				
	<p>LCR Stratford LP Ltd 7378319 Private company limited by shares Trading</p>				

			 LCR Stratford Limited Partnership LP014107 Limited partnership Trading			
				 IQL North Ltd 12549119 Private company limited by shares		
				Stratford City Business District Ltd (50%) 7328908 Private company limited by shares Trading		
				 SCBD No. 1 Ltd 9351680 Private company limited by shares Trading		
				SCBD Pavilion Ltd 9351682 Private company limited by shares Dormant		

					<p>IQL Estate Management Company Ltd 10935373 Private company limited by shares Trading</p>	
					<p>IQL Commercial Estate Management Company Ltd 10935360 Private company limited by shares Trading</p>	
					<p>SCBD Residential Ltd 8803875 Private company limited by shares Trading</p>	
						
						<p>Glasshouse Gardens Residents' Management Company Ltd 08827760 Private company limited by guarantee Dormant</p>

	<p>RTC Regeneration 2015 Ltd 6814955 Private company limited by shares Trading</p>				
	<p>Whittles Properties Brunel Ltd 6815148 Private company limited by shares Trading</p>				
	<p>Whittles Properties Croydon Ltd 6815154 Private company limited by shares Trading</p>				
	<p>Whittles Properties Manchester Ltd 6815134 Private company limited by shares Trading</p>				
	<p>LCR Trust Company Ltd 3287489 Private limited company Dormant</p>				

	KXC Landowners Ltd (73%) 4175861 Private company limited by shares Dormant				
	Mayfield Partnership Ltd (33%) 9792144 Private company limited by shares Dormant				
	Mayfield Partnership (General Partner) Ltd (33%) SC552574 Private company limited by shares Trading				
	Mayfield Partnership Limited Partnership (33%) SL029618 Limited partnership				

		Mayfield Development (General Partner) Ltd (16.67%) 10525869 Private company limited by shares Trading			
		Mayfield Development Partnership LP (16.67%) LP017769 Limited partnership			
Inter-Capital and Regional Rail Ltd (Special share only) 3565312 Private company limited by shares Dormant					
High Speed Five (HS5) Ltd 6791652 Private company limited by guarantee Dormant					

High Speed Four (HS4) Ltd 6791708 Private company limited by guarantee Dormant					
High Speed Three (HS3) Ltd 6791731 Private company limited by guarantee Dormant					
HS2 Ltd 7963188 Private company limited by shares Dormant					
High Speed Six (HS6) Ltd 6791619 Private company limited by guarantee Dormant					
Grand Union Railway Ltd 10434457 Private company limited by shares Dormant					

High Speed Rail Ltd 6045666 Private company limited by shares Dormant					
High Speed North Ltd 12489062 Private company limited by shares Dormant					
High Speed Northern Ltd 12489098 Private company limited by shares Dormant					
British Rail Engineering Ltd 965219 Private company limited by shares Dormant					
British Transport Hotels Ltd 735306 Private company limited by shares Dormant					

RFD (Channel Tunnel) Ltd 1014180 Private company limited by shares Dormant					
The Pullman Car Company Ltd 141798 Private company limited by shares Dormant					
British Rail Ltd 3159175 Private company limited by shares Dormant					
British Railways Board Ltd 3159054 Private company limited by shares Dormant					
British Railways Ltd 3019758 Private company limited by shares Dormant					

Crossrail International Ltd 10958625 Private company limited by shares Trading					
VCA Europe SRL - Italy					
<u>Major Trust Ports (those with a turnover above the threshold in the Ports Act 1991)</u>					
Blyth Harbour Commissioners					
Dover Harbour Board					
Harwich Haven Authority					
Port of London Authority					
Milford Haven Port Authority					
Poole Harbour Commissioners					
Shoreham Port Authority					
Port of Tyne Authority					

<u>Major Trust Ports with Ministerial appointment to their Boards due to their national strategic importance</u>					
Dover Harbour Board					
Harwich Haven Authority					
Port of London Authority					
Milford Haven Port Authority					
Port of Tyne Authority					
The Department controls the following companies through contractual mechanisms; their share capital is owned by entities other than the Department:					

The Chiltern Railway Company Ltd 03007939 Private company limited by shares Trading					
XC Trains Ltd 04402048 Private company limited by shares Trading					
Abellio East Anglia Ltd 07861414 Private company limited by shares Trading					
Abellio East Midlands Ltd 09860485 Private company limited by shares Trading					
Trenitalia c2c Ltd 07897267 Private company limited by shares Trading					

<p>First Greater Western Ltd, 05113733 Private company limited by shares Trading</p>					
<p>London and South Eastern Railway Ltd, 04860660 Private company limited by shares Trading</p>					
<p>First MTR South Western Trains Ltd 07900320 Private company limited by shares Trading</p>					
<p>Govia Thameslink Railway Ltd 07934306 Private company limited by shares Trading</p>					
<p>First TransPennine Express Ltd 09111801 Private company limited by shares Trading</p>					

First Trenitalia West Coast Rail Ltd 10349442 Private company limited by shares Trading					
West Midlands Trains Ltd 09860466 Private company limited by shares Trading					