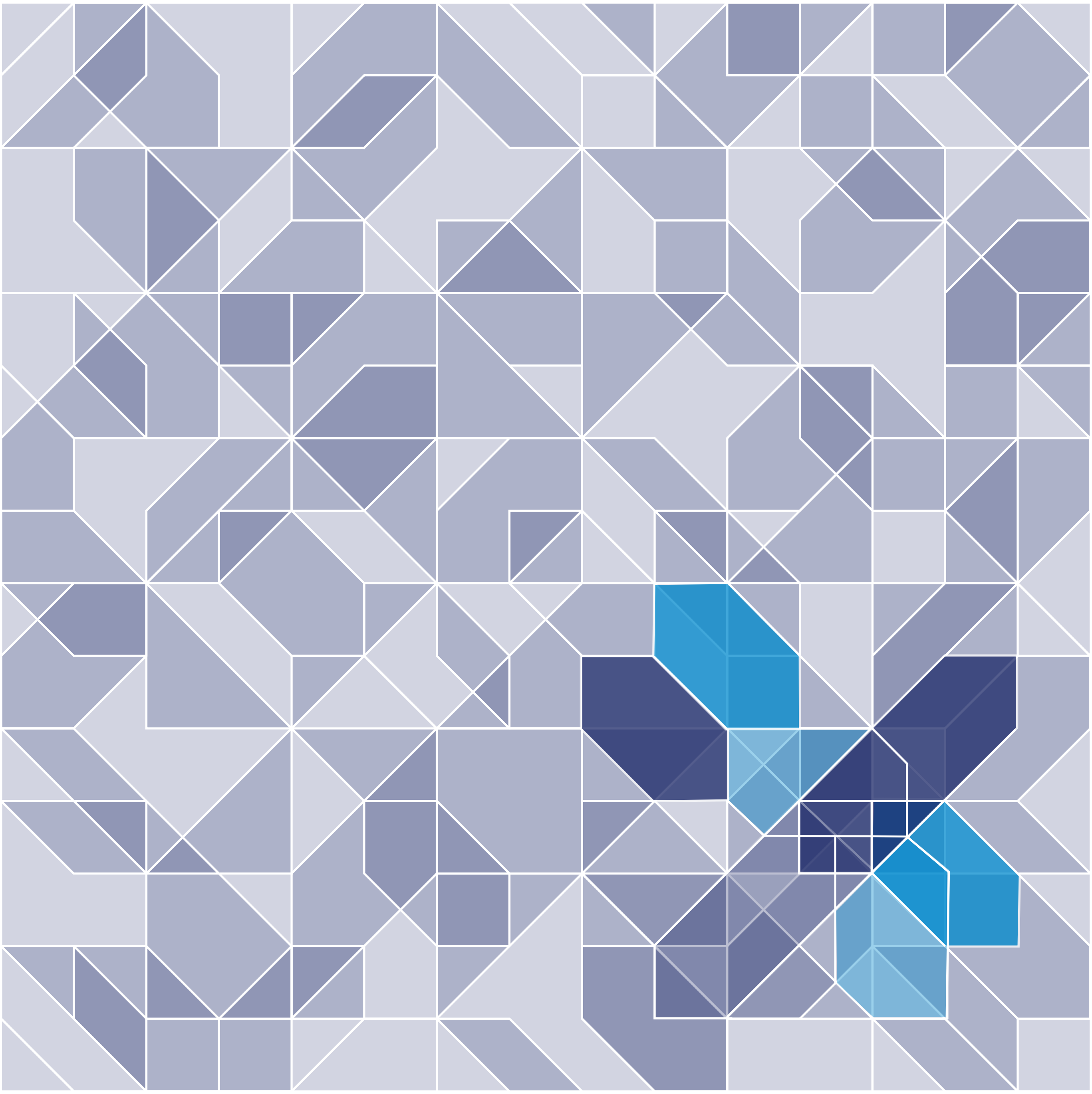
Department for Transport

Annual Report and Accounts
2024-2025



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July 2025

Department
for Transport

Department for Transport

Annual Report and Accounts

2024-2025

For the period 1 April 2024 to 31 March 2025

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Contents

Foreword by the Secretary of State

The Department for Transport has a crucial role to play in supporting the Government's primary Mission of growing the economy. We cannot deliver this Government's Plan for Change when our trains and buses are unreliable and holding back the potential of our cities; when our roads are full of potholes, costing working families and businesses, and when capacity constraints are hindering our ability to reap the benefits of aviation growth.

I believe passionately that transport can change lives for the better. It can connect people to new opportunities for work or education. It can attract investment to regenerate our town centres and build the homes we need. That's the challenge I accepted when I took this job and together with the talent and dedication existing right across the DfT – we will reform and renew our transport network and get Britain moving.

We wasted little time in reforming our railways, with the Public Ownership Bill receiving Royal Assent. This will bring an end to the costly failure of privatisation and lay the groundwork for Great British Railways – a single directing mind that brings together track and train. It will mean we can finally put passengers and freight customers at the heart of a more efficient, reliable, and accountable railway.

Our roads, and our Strategic Road Network, are a crucial part of our growth agenda, especially as we ensure our freight network continues to underpin the country's economy. Through funds like the Major Road Network and Large Local Majors Programme, we're properly funding key regional roads that are vital for connectivity, economic growth, and housing development.

Buses are the most popular form of public transport, and we have invested to improve services, protect vital routes, and keep fares affordable. The Bus Services Bill (No.2) will enable local leaders to choose the model that works for them – be it franchising, strengthened Enhanced Partnerships with private operators, or local authority owned bus companies. As we aim to increase bus usage across the country, passengers will also see improved accessibility and safety standards.

The Government has a mission to make Britain a clean energy superpower. In 2022, domestic transport accounted for 28% of total domestic emissions in the UK, reflecting the colossal responsibility our Department has in greening transport across the country. We are delivering on the Government's manifesto commitments to accelerate the transition to electric vehicles, increase the roll out of electric vehicle charge points, and have introduced a world leading Sustainable Aviation Fuels mandate that will help decarbonise our aviation sector.

I'm incredibly proud of the work across DfT throughout this year to build a transport system that is empowering communities, unlocking opportunity, and connecting people to what matters most.

Finally, I wanted to take this opportunity to thank Bernadette Kelly, for her eight-year tenure as Permanent Secretary at DfT and to congratulate Jo Shanmugalingam on her appointment. Having worked closely with Jo since taking up my role, I know she will provide exemplary leadership as we continue delivering for this Government and the public.

The Rt Hon Heidi Alexander
Secretary of State for Transport

Foreword by the previous Permanent Secretary (in post till June 2025)

I present this Annual Report and Accounts for 2024–25. In doing so I would like to recognise the dedication and hard work of colleagues across the Department and in its arm's length-bodies who have continued to deliver good transport outcomes during a year of change.

Following the arrival of a new Government in July 2024, the Department aligned swiftly to focus on the Prime Minister and Secretary of State's priorities for transport.

Transport plays a key part in the delivery of all the Government's Missions:

- Investment in road and rail infrastructure and high-quality transport services play a key role in growing the economy.
- Accessible and affordable public transport enables people and communities to access training and jobs.
- Improving air quality and making it easier for people to be active in their everyday journeys improves health outcomes and reduces demands on the NHS.
- Driving the transition to low and zero carbon transport is vital to enable the UK to achieve its clean energy goals.
- Safer travel is a key element of safer streets.

The Government has an ambitious programme to reform transport. During 2024-25 the Department made progress on public ownership of train operators and on the transition to Great British Railways. The Bus Services Bill was laid before Parliament in December 2024, marking a key step in the Government's plan to provide more reliable, accessible, and locally responsive networks across England. The Automated Vehicles Act has set the stage for self-driving vehicles by 2027, and one in five new cars sold are now zero-emission.

During the period the Department has continued to grow its offices in Leeds and Birmingham, ensuring career opportunities are spread across the country, while at the same time managing operational costs and investing in people and technology. A Voluntary Exit Scheme saw the departure of around 300 staff from the central Department in May 2025 and helps us to focus on future skills requirements.

At time of publication, I will have departed from my role as Permanent Secretary. It's been a privilege, and I wish Jo every success in taking the Department forwards.

Bernadett Kelly

Dame Bernadette Kelly DCB
Previous Permanent Secretary

Foreword by the Permanent Secretary (in post from July 2025)

I am honoured to take on the role as Permanent Secretary for DfT and build upon the amazing legacy left by Bernadette.

Transport is fundamental to the opportunities for everyone in the UK, and for generating the growth that will build more opportunities in the future. From keeping passengers safe or freight moving smoothly, improving the performance of our railways or ensuring we have the best transport infrastructure possible, the work of this Department matters.

As we look ahead to the year to come, DfT is doing so with a deep sense of purpose. I am committed to leading the Department in delivering a transport system that is safer, greener, more reliable and more inclusive—one that connects people to opportunity, drives economic growth, and supports a healthier future for the UK.

Jo Shanmugalingam
Permanent Secretary

Performance Report

Performance Report

Report Purpose

This Performance Report outlines DfT's key successes and challenges in relation to its three Priority Outcomes and four Strategic Enablers.

Due to the 2024 General Election, DfT did not publish an Outcome Delivery Plan (ODP) for 2024-25; however, this report aligns to the priorities DfT was working to after the election. It also aligns with the Government's five Missions, the Prime Minister's 'Plan for Change' and DfT's three Priority Outcome's set out by the Transport Secretary in February 2025 and as set out in DfT's ODP for 2025-26.

Organisational Structure

DfT consists of the central Department (DfTc) and several public bodies. These are classified according to the level of ministerial control required for them to best perform their functions. These organisations have their own governance structures and publish annual reports, with their accounts consolidated into the Departmental group's annual report and accounts.

Executive agencies act as an arm of DfT and typically carry out services or functions with a focus on delivering specific outputs, with policy set by ministers. Non-departmental public bodies (NDPBs) and non-ministerial departments (NMDs) are separate legal entities from DfTc. DfT usually sets its strategic framework, appoints the chair of their boards, approves all non-executive board member appointments, and appoints an accounting officer.

The wider Departmental family includes other public bodies helping to achieve our objectives, which have more autonomy over their own policies and are not consolidated into the group's financial statements. Further details can be found in the Accountability Report.

Governance

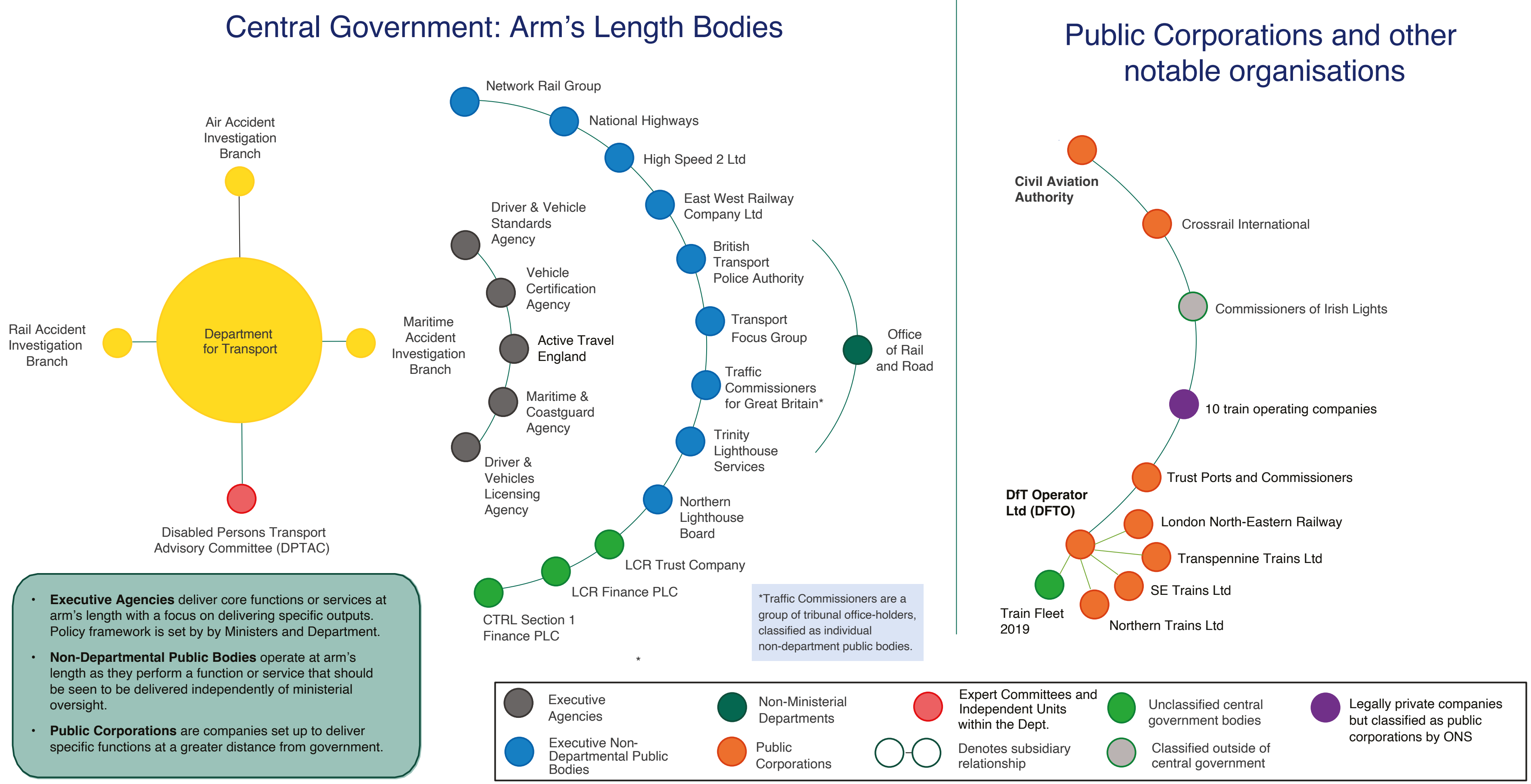
Governance Structure

DfT's governance arrangements reflect best practice and the importance of giving Parliament confidence that DfT uses resources cost-effectively when delivering its Priority Outcomes. The full governance statement can be found in the Accountability Report.

Who?	What?
Parliament	• Checks and challenges the work of DfT through questioning ministers and senior civil servants. • Debating and committee work checks and approves DfT spending.
Secretary of State for Transport and ministers	• The Secretary of State is appointed by the Prime Minister, and has overall responsibility for DfT and its public bodies. • Makes policy decisions based on advice from officials. • Presents and accounts for policy publicly and in Parliament.
Permanent Secretaries and Principal Accounting Officer	• Responsible for the effectiveness and efficiency of DfT. • Work to support ministerial policies and objectives. • Responsible for the DfT's leadership, management and staffing. • The Permanent Secretary acts as the principal accounting officer and is responsible for the propriety and regularity of the DfT group's expenditure.
Department for Transport Board	• Consists of the Secretary of State for Transport, ministers, Non-Executive Board Members, Permanent Secretaries and Directors General. • Advisory body that supports and challenges both DfT ministers and the principal accounting officer. • Provides strategic focus by advising on the operational implications and effectiveness of policy proposals.
Department for Transport Executive Team	• Consists of the Permanent Secretaries, Directors General, Director of Group Human Resources, Director of Group Communications, Director of Strategy, Chief Scientific Adviser and Chief Analyst. • Director of legal, and Non-Executive Board Members can attend by invitation. • Supports the Permanent Secretaries in the management of DfT business in-line with ministerial priorities.
Internal and External Audit	• Reviews processes and procedures to help us improve our risk management, control and governance. • Internal audit provides independent assurance to the Permanent Secretary and DfT Board. • External audit undertakes a statutory audit of DfT's consolidated Annual Report and Accounts.

DfT Public Bodies Landscape, our ‘Solar System’[1]

This diagram is accurate as of March 2025



- **Executive Agencies** deliver core functions or services at arm’s length with a focus on delivering specific outputs. Policy framework is set by by Ministers and Department.
- **Non-Departmental Public Bodies** operate at arm’s length as they perform a function or service that should be seen to be delivered independently of ministerial oversight.
- **Public Corporations** are companies set up to deliver specific functions at a greater distance from government.

1 On 25 May 2025, South Western Railway (SWR) became publicly owned and managed by DfT Operator LTD (DFTO). On 20 July 2025, Trenitalia c2c Limited (c2c) transfers to public ownership and will be managed by DFTO.

DfT's Risk Management

Risk management is an integral part of DfT's work to deliver ministerial priorities. This includes how DfT manages its programmes and public money, to how DfT develops policies and works with its public bodies. DfTc's risks represent the overall risk profile and consider the risks carried and managed by public bodies.

The Governance Statement (page 115) contains details on its internal controls and risk management approach and sets out the Principal Risks faced by DfTc during 2024 to 2025, DfTc's 'Task Force on Climate-Related Financial Disclosure' and 'His Majesty's Treasury Orange Book Principles – Comply or Explain' statements.

Performance Overview

DfT has responsibility for ensuring that the transport system meets the needs of people today and in the future and ensures that it is safe and secure for all those who use it. DfT does this through its Priority Outcomes and Strategic Enablers, which are set out in detail in this report. DfT also works to build resilience for issues which may affect the system, such as extreme weather events and pandemics.

As part of delivering its Priority Outcomes, DfT has a complex capital portfolio. For 2024-25 DfT had a capital budget of £20.8 billion, a full policy agenda and a wide range of direct operational delivery activities which were mainly delivered through its public bodies and the private sector.

Strategic Context

Transport and the Prime Minister's 'Plan for Change'

In July 2024, the new Government set out its mission-led approach to delivering on people's priorities. It established five Missions built on the foundations of a stable economy, national security and secure borders.

In December 2024, the next phase of this approach was announced as the Prime Minister set out the Plan for Change. This plan sets out clear milestones for change and the Government's plan to achieve them. DfT plays a critical role in advancing these Missions.

1. Kickstart Economic Growth

A strong transport network is essential for economic recovery and long-term growth. DfT has continued to invest in key infrastructure to support immediate growth through maintenance and renewals, with £1.2 billion invested into the Strategic Road Network. DfT has driven local growth via the City Region Sustainable Transport Settlements, and secured longer-term benefits through major projects such as HS2, East West Rail, and the Transpennine Route Upgrade. The first year of Control Period 7 for Network Rail has also concluded, with a total ring-fenced budget of £44.1 billion over five years in England and Wales continuing to sustain efficient operations, maintenance and renewal of the existing infrastructure to ensure long term affordability of the railway. Finally, the contribution of the transport network in assisting achievement of the Government's housing milestone also plays a critical role in enabling economic development across the country.

2. Make Britain a Clean Energy Superpower

Transport is the largest emitter of greenhouse gas emissions. Therefore decarbonising the transport sector is key to achieving the mission to make Britain a clean energy superpower. Throughout the year DfT has driven this shift by supporting the uptake of zero emission vehicles, advancing the transition to zero emission buses, and implementing our Sustainable Aviation Fuels mandate — all of which are accelerating the decarbonisation of travel.

3. Safer Streets

Transport policies are vital in enhancing public safety and security. DfT works with local authorities and law enforcement to make transport safer and more reliable. Key initiatives include strengthening Taxis and Private Hire Vehicle licensing, progressing the Roads Policing Review in partnership with the British Transport Police, and introducing measures in the Bus Services Bill, such as enhanced driver training on tackling anti-social behaviour.

4. Break Down Barriers to Opportunity

To give every child the opportunity to succeed, both children and their parents need equitable access to education. This means ensuring that transport systems are not only available, but also accessible and affordable for everyone—including disabled people, older adults, and those living in remote or underserved areas. Throughout 2024–25, DfT has been working to improve local transport connectivity by focusing on affordable bus fares, improving reliability of bus services, and progressing the Rail and Bus Services Bills to support long-term, inclusive improvements. DfT is also investing in local transport and active travel infrastructure with accessibility at the core-such as step-free access, safer walking and cycling routes, and better integration across transport modes. These efforts are helping to connect communities to education, jobs, and healthcare, ensuring that opportunity is not limited by geography, mobility, or income.

5. Build an NHS Fit for the Future

DfT's work on walking, wheeling and cycling, air quality, public transport, and road safety all contribute to healthier lives, reducing demand on the National Health Service (NHS). By tackling physical inactivity, improving air quality, and promoting road safety, DfT is directly benefiting public health outcomes and helping to ease pressure on health services across the country.

DfT's Priority Outcomes and Strategic Enablers

DfT's Priority Outcomes have been crafted in-year to align with the new Government's 'Plan for Change'. These Priority Outcomes are interconnected, and DfT recognises the natural cross-cutting nature of these outcomes. They are also supported by a new suite of performance metrics to measure progress in delivering these outcomes.

Financial Overview from the Director General for the Corporate Delivery Group

Introduction

The 2024-25 financial period was the final year for which departmental spending plans were covered by Spending Review 2021. Since the general election in July 2024, the Government has undertaken a number of fiscal events which now set the overall financial envelope for the remainder of the current Parliament.

- In July 2024, HM Treasury (HMT) published its Spending Audit to ensure the Government's immediate financial commitments remained within its tax and spending plans and within the Chancellor's fiscal mandate. In order to support the Government's overall savings requirement, this resulted in the cancellation of a small number of DfT's capital projects including the A303 Stonehenge and A27 Arundel Bypass road schemes.
- Departmental spending plans for 2025-26 were agreed alongside the 2024 Autumn Budget as Phase 1 of Spending Review 2025 (SR25).
- Phase 2 of SR25 was published in June 2025. SR25 determined departmental funding settlements until 2028-29 for day-to-day resource spending, and until 2029-30 for long-term capital spending. DfT's overall resource spending is forecast to reduce over the Spending Review period: this will require a reduction in the Department's financial support to Train Operating Companies which currently remains above pre-pandemic levels through increased ridership, and therefore income, as well as driving efficiencies across the sector. Alongside this, ongoing spending efficiencies are required across the core Department's activities. DfT's capital spending will continue to increase over the Spending Review period: this provides major investment in our road and railway transport networks, in addition to supporting Mayoral Combined Authorities and local authorities with enhancing and renewing regional and local transport infrastructure. The key funding settlements secured in SR25 are described in this Annual Report.

This report provides a high-level overview of our financial performance in 2024-25. Figure 1 summarises spend against the final control totals voted by Parliament at the Supplementary Estimate and Figure 1.1 shows a breakdown by transport mode.

The final budgets for the year were authorised through the Supplementary Estimate: this year, most departmental in-year funding adjustments were agreed with HMT alongside the Autumn Budget, at which point the outlook for the final quarter of the financial year remained uncertain.

	2024-25			
	Budget	Outturn	Variance	
Control Total	**£m**	**£m**	**£m**	**%**
Resource DEL	20,545	18,728	1,817	*10%*
Of which: Administration	380	370	10	*3%*
Capital DEL	20,666	20,523	143	*1%*
Resource AME	4,711	2,131	2,580	*121%*
Capital AME	149	(92)	241	*-262%*
Net Cash Requirement	33,757	30,141	3,616	*12%*

Figure 1: Outturn and Control totals authorised by Parliament. The budgeting framework for Central Government is further explained in Figure 4.

This chart shows the total DEL and AME spending (net of income) by Estimate line, with Estimate lines grouped by transport mode. Total DEL and AME spending includes both Resource and Capital cash spending in addition to non-cash Resource costs such as depreciation. Net Cash Requirement represents the total level of Supply funding drawn down from HMT during the year to support DfT's spending, demonstrating DfT's total call on taxpayer funds. As required by Parliament, DfT remained within all of the budget limits set by Parliament. Significant variances between Budget and Outturn are explained in the Statement of Outturn against Parliamentary Supply.

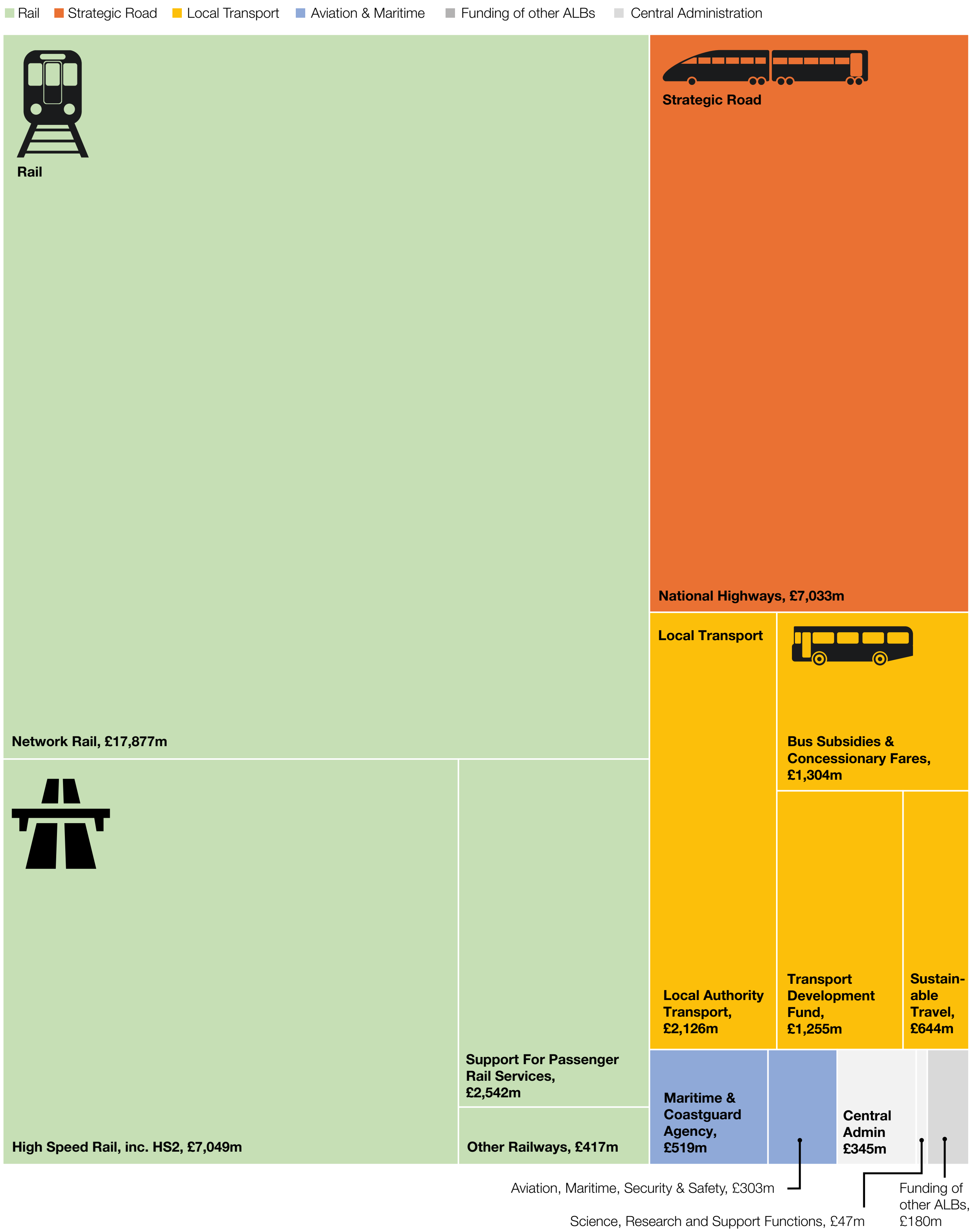


Figure 1.1: Colours in this figure represent the breakdown of spending by mode.

Income and funding

Alongside the Supply funding received from HMT described in Figure 1, DfT Group received £7.2bn in income from other sources. These are summarised in Figure 2, and more detail can be found in Note 4 to the Financial Statements.

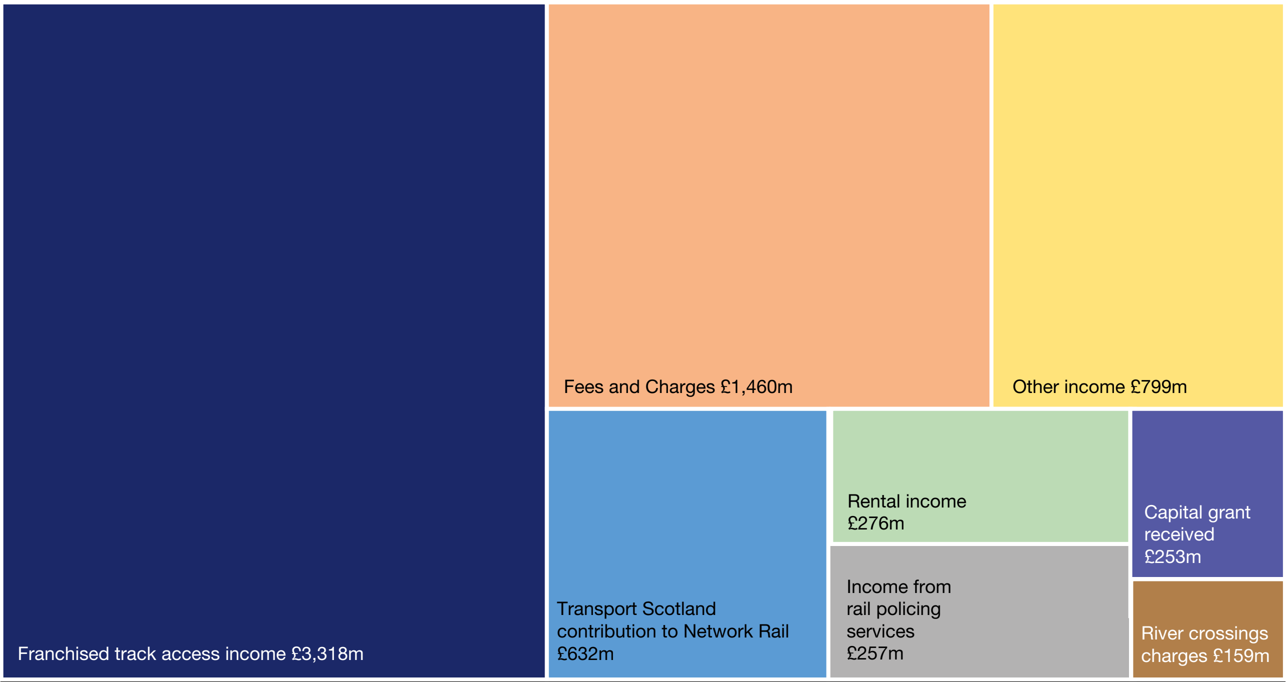


Figure 2: Main sources of income received in year

Figure 2.1 below shows the net movement in Income by revenue source in the year ended 31 March 2025. Key movements are discussed below:

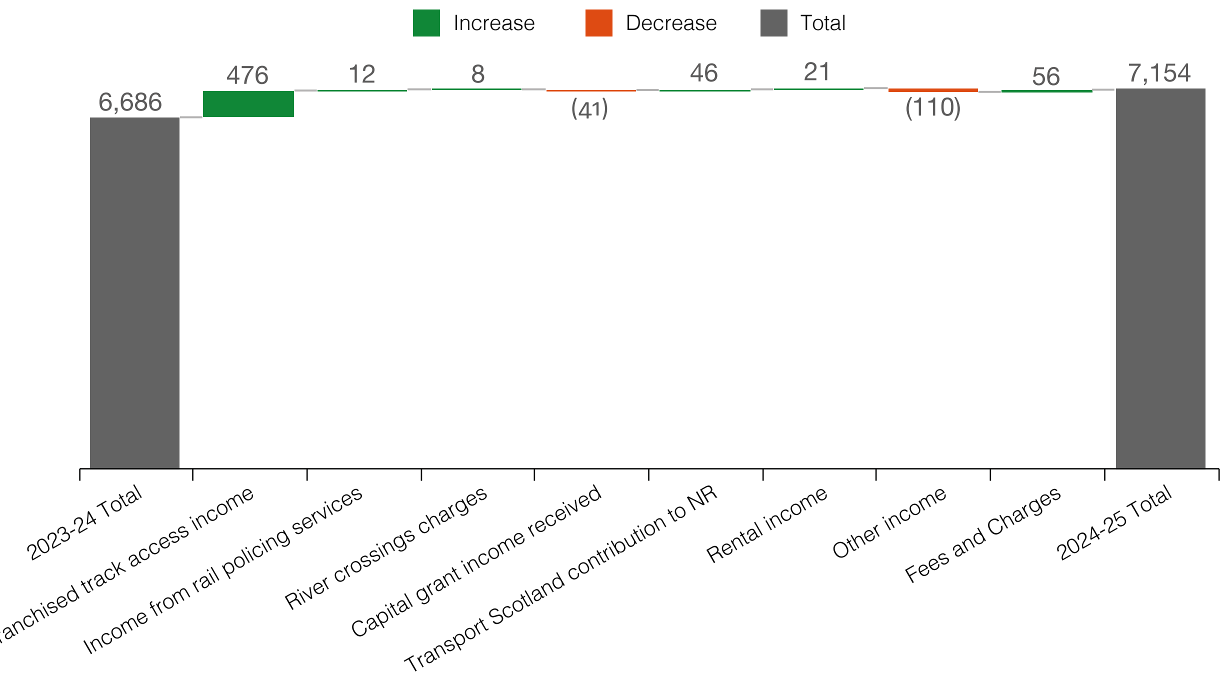


Figure 2.1: Movement in revenue streams, £m

Source: Financial Statements Note 4, cash items.

This year franchised track access income increased due to the lower levels of compensation incurred by Network Rail payable to rail operators in respect of network access issues: these charges are offset against track access income. The higher levels of these charges in the prior year arose from some planned disruption for network maintenance and enhancement, and some unplanned disruption because of severe weather. In addition, track access charges are indexed upwards as prescribed by the ORR.

Revenues from DfT's other income streams were broadly comparable with the prior year.

Expenditure

As reported in the Statement of Comprehensive Net Expenditure in the Financial Statements, DfT Group incurred £32bn of expenditure in 2024-25 compared to £33bn in the previous year. Figure 3 shows the headline movements in expenditure during the year.

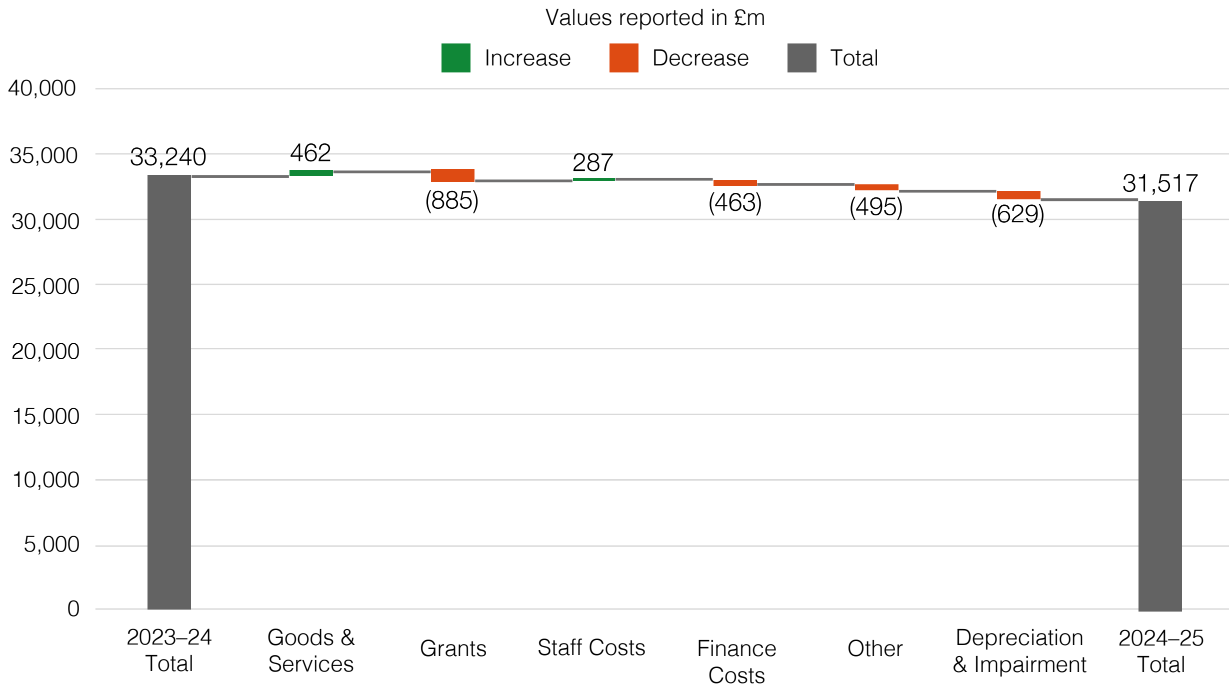


Figure 3: Movements in expenditure in 2024-25

Goods and services costs increased in 2024-25 primarily driven by increased expenditure on rail and road network maintenance.

Grant expenditure includes amounts issued to local authorities and Mayoral Combined Authorities for investment in local transport and local roads improvement, in addition to other grant schemes such as support for the local bus sector. Overall grants decreased by £885m in the year, primarily driven by a decrease in grants to the Greater London Authority (GLA) and Transport for London (TFL). The TFL capital settlement ended in 2023-24: in 2024-25, DfT provided a smaller grant to TFL which supported the procurement of additional rolling stock for the Elizabeth Line. This decrease in grant spending was partially offset by increases to the Bus Service Operators Grant, a discretionary grant given to eligible community transport operators to help them cover some of their fuel costs and increases in low emission motoring grants including the local EV infrastructure fund and Plug in Van grant.

Staff Costs increased due to pay awards during the year.

Finance Costs primarily comprise interest charges on legacy debt owed by the Group to bondholders. The debt supported investment in infrastructure projects relating to the railway assets now held by Network Rail Ltd and High Speed 1 Ltd. These finance costs decreased in 2024-25 due to a reduction in index linked finance costs on the bonds, in line with the reduction in retail price inflation during the year.

The decrease in Other Costs primarily reflects two technical non-cash movements. Firstly, Network Rail incurred a lower deferred tax charge in 2024-25 than in the prior year; and secondly, National Highways incurred one-off costs in the prior year relating to the detrunking transfer of some A14 road assets from National Highways to local authorities.

Depreciation and Impairment are non-cash costs relating to DfT's fixed assets. Depreciation costs reflect the consumption of assets in the course of their operational use. Impairments are one-off costs reflecting a permanent drop in an asset's value: in DfT's circumstances, material impairments primarily arise where an infrastructure scheme is cancelled.

Depreciation increased in 2024-25 driven by the inflationary increase in the valuation of the railway network. Further detail on the accounting approach to estimating the balance sheet valuation and the associated depreciation charge for the road and railway networks is provided in Note 1 to the Financial Statements.

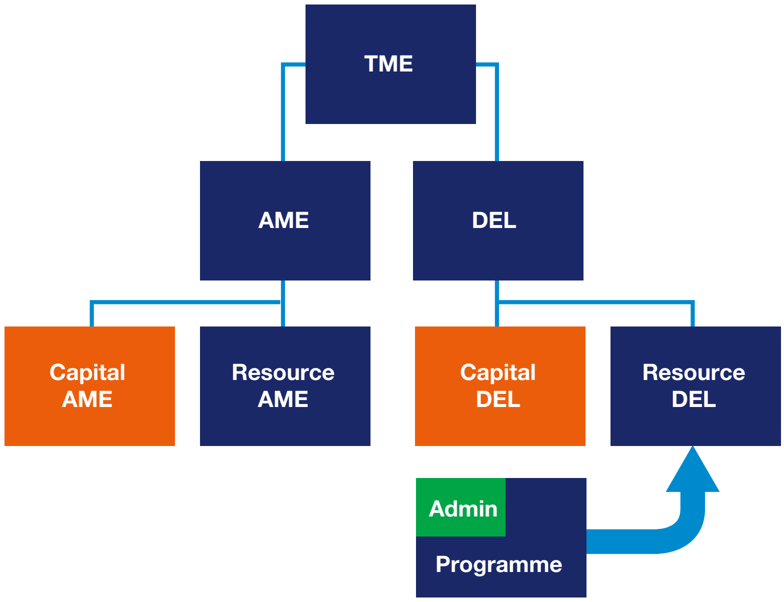
Impairment costs decreased by £835m in 2024-25. Impairment costs in the prior year included £1,002m arising from the cancellation of HS2 Phase 2 from Birmingham to Manchester and £62m arising from the cancellation of future Smart Motorway schemes. In 2024-25, DfT incurred £428m impairments arising from the cancellation of a number of road schemes through the 2024 Spending Audit and Autumn Statement.

Total Managed Expenditure

Total Managed Expenditure (TME) represents the total funds spent by DfT against a series of different budget types, which are depicted in Figure 4. A comparison of TME in 2024-25 to recent years is shown in Figure 5, with 2024-25 values corresponding to the Statement of Outturn against Parliamentary Supply. Net Cash Requirement (NCR) is a separate Parliamentary control total which limits the cash funding departments can draw from the Exchequer to finance their TME spending for the year.

Our budget framework

HMT sets the budgetary framework for government spending



The total amount DfT spends is referred to as Total Managed Expenditure (TME); which splits into:

- Annually Managed Expenditure (AME) and
- Departmental Expenditure Limit (DEL).

AME expenditure is typically volatile or demand-led. AME budgets are agreed with HMT on an annual basis. DEL expenditure reflects the cost of delivering front-line and back-office activities. Long-term DEL budgets are set through Spending Reviews which usually occur every three to five years.

Budgets are also classified into Resource and Capital.

Resource DEL is further split into:

- Programme budgets for frontline services, and
- Admin budgets such as back office functions.

Figure 4: Our budgetary framework

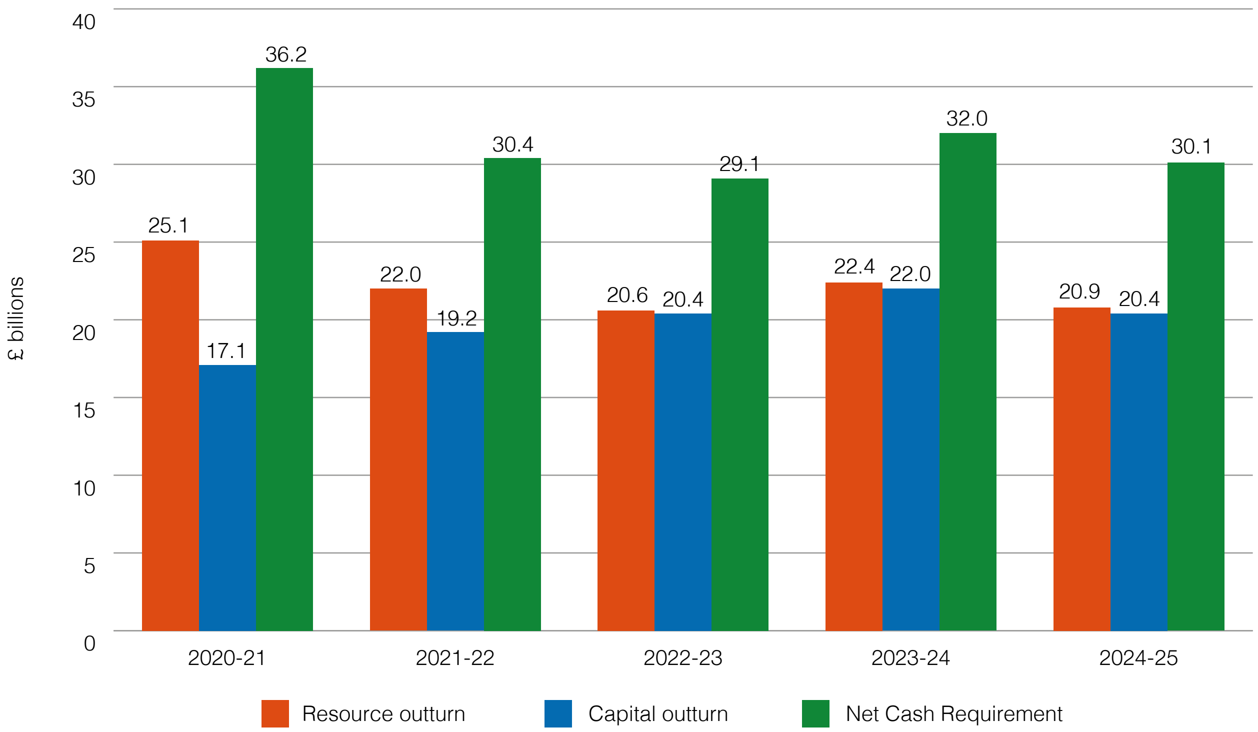


Figure 5: TME and NCR by year

Our Resource DEL covers the expenditure associated with the day-to-day running of the Group, including the costs our arm's length bodies incur to support delivery of our major projects and to operate and maintain the elements of the transport network they are responsible for.

Our Capital DEL covers the major capital programmes described above and other investment to enhance the transport system. Network Rail, National Highways and DfTc received material levels of capital income: these relate to contributions from other bodies towards capital projects.

TME includes our non-cash budget requirements, such as: depreciation in Resource DEL; deferred tax and interest accretion charges in Resource AME; and capital provisions in Capital AME.

Figure 5 includes our Net Cash Requirement for the year, which represents the Department's total call on taxpayer funds from the Exchequer to finance its spending activities for the year.

Figure 5.1 shows how our biggest areas of capital spend – HS2, Network Rail and National Highways – have evolved in recent years. Spending plans for 2025-26 reflect amounts agreed in Main Estimate 2025-26. HS2's capital spending varies by year in line with the construction profile of the project. Capital spending by Network Rail and National Highways is more stable between years, in line with the long-term investment programmes agreed through the Office of Rail and Road (ORR) Control Period and the Road Investment Strategy mechanisms respectively. In October 2023, ORR issued its final determination for Network Rail's Control Period 7 funding from 1st April 2024 to 31st March 2029, providing security of long-term investment in the UK rail network. The second Road Investment Strategy (RIS2) ended on 31 March 2025, with RIS 3 expected to run for a full five years from 2026-2031. Until a new RIS has been set, the arrangements for 2025 to 2026 are covered by an interim settlement for the one financial year.

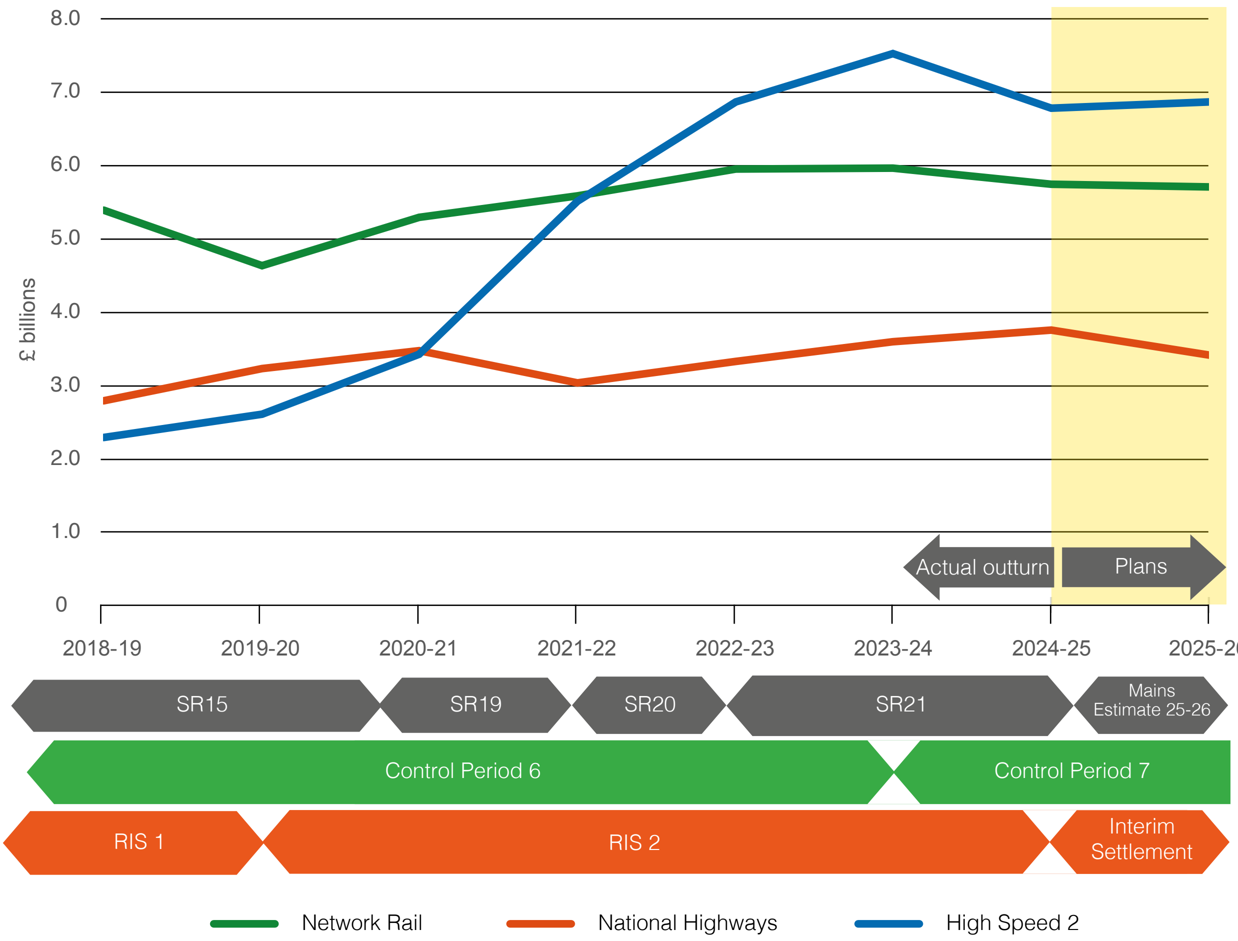


Figure 5.1: Key areas of capital spend

Assets and liabilities

	2024-25	2023-24 (restated)	Increase / (Decrease)
	£m	£m	£m
ASSETS			
Property, plant & equipment, including leases & assets held for sale	685,302	668,007	17,295
Receivables	2,246	2,574	(328)
Loans	2,331	2,494	(163)
Investments in equities & associates	1,181	1,191	(10)
Cash	1,385	610	775
Inventories	1,234	1,209	25
Derivatives	22	72	(50)
Investment properties	195	227	(32)
Pension asset	1,238	92	1,146
Intangible assets	630	363	267
TOTAL ASSETS	**695,764**	**676,839**	**18,925**
LIABILITIES			
Borrowings	34,311	33,272	1,039
Payables	8,052	8,670	(618)
Pensions	614	719	(105)
Deferred tax	7,630	6,995	635
Provisions	1,531	1,628	(97)
Derivatives	67	153	(86)
TOTAL LIABILITIES	**52,205**	**51,437**	**768**
NET ASSETS	**643,559**	**625,402**	**18,157**

Note 1.25 describes why the 2023-24 values have been restated and the impact of the change.

Assets

DfT had £696bn of assets at 31 March 2025, an overall increase of £19bn on the prior year. Notable changes are set out below.

As at 31 March 2025, £490bn of assets related to the Railway Network in Great Britain and £152bn related to the Strategic Road Network in England, which are the responsibility of Network Rail and National Highways respectively. In addition, the Group held assets under construction relating to HS2 of £38bn. The increase in assets was driven largely by £17bn additions and £11bn of revaluation increases, offset by £10bn of depreciation charges.

Additions to the Rail Network comprised £2.5bn of Enhancements and £3.7bn of Renewals. Major schemes included: Transpennine Route Upgrade; Midland Main Line and East Coast Main Line route enhancements, on-network works relating to East West Rail, and in Scotland, improvements at East Kilbride. Additions to AUC include £7bn relating to HS2 construction works undertaken during the year. Additions to the Strategic Road Network comprised:

£2.4bn of capital enhancements including improvements to the surroundings of the network, supporting sustainability, protecting quality of life and the environment and delivering safety and congestion relief schemes; and £1.2bn of asset renewals. Significant additions included the M6 Lune Gorge structure scheme and the M62 Ouse Bridge Joint replacement project. The road and railway networks are valued using a Depreciated Replacement Cost valuation methodology as required under HMT financial reporting rules. The revaluation gains represent increases in the estimated cost of constructing a modern equivalent infrastructure asset. DfT's approach to valuing these assets is set out in Notes 1 and 5 to the financial statements.

Investments in equities and associates of £1bn comprise DfT's shareholdings in entities which are not consolidated into the financial statements, primarily London & Continental Railways Ltd (LCR), DfT Operator Ltd, Network Rail Insurance Ltd and NATS Holdings Ltd.

Loans decreased by £0.2bn, primarily driven by £0.1bn repayment of loans for the Crossrail project made available to the GLA and TFL.

Retirement benefit assets of £1.2bn represent defined benefit pension schemes which are reporting a surplus of scheme assets over actuarial liabilities at 31st March 2025. Further details are provided in Note 24.

Liabilities

DfT held £52bn of liabilities at 31 March 2025 (2023-24: £51bn). These comprise:

- Network Rail has £29bn (2023-24: £28bn) of debt payable to bondholders, reflecting third party borrowing entered into before the company joined DfT Group. In addition, £4bn of debt (2023-24: £4bn) is payable to institutional investors holding bonds issued by DfT's finance companies, LCR Finance plc and CTRL Section 1 Finance plc. This stock of debt matures by 2052. The increase in the value of the borrowings during the year is caused by capital accretion on the index-linked bonds, which is accounted for as finance costs.
- £8bn of trade and other payables (2023-24: £9bn).
- Network Rail has a total deferred tax liability of £8bn. This has increased by £0.6bn since the prior year, due to accelerated tax depreciation and revaluation of the railway network.
- £1bn of defined benefit pension liabilities, which is £1.3bn (net of pension surpluses separately disclosed as Assets) lower than last year due to the net effect of changes in key financial assumptions on assets and liabilities. The pension schemes accounted for within this liability are described in Note 24 to the Accounts: this liability excludes civil servants in the PCSPS, for which accounting rules require that liabilities are recognised in year as the employer contributions fall due.
- £2bn of provisions, of which £1bn is for land and property purchases along the HS2 route.
- £1bn of lease liabilities in respect of right-of-use assets (2023-24: £1bn).

Further details can be found in Notes 13, 18-22 and 24 to the Financial Statements.

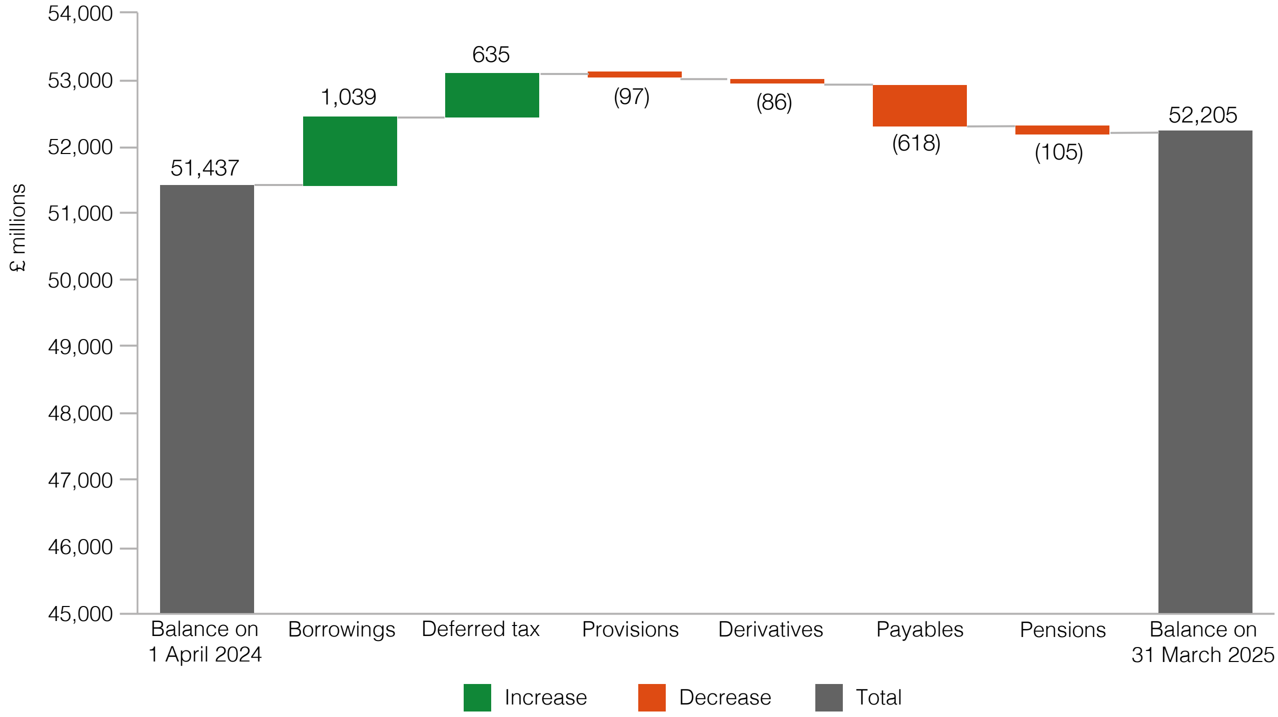


Figure 6: increase / (decrease) in liabilities during the year £m

Train Operating Companies (TOCs)

In November 2024, the Passenger Railway Services (Public Ownership) Act 2024 obtained Royal Assent. This Act provides the legislative framework to bring all 14 TOCs into public ownership. The transfer to public ownership will take place on a rolling programme as the existing contracts with commercial operators come to an end. DfT expects this will conclude by the end of 2027.

The holding company for publicly owned TOCs is DfT Operator Ltd (DFTO), which is a fully owned subsidiary of DfT. DFTO previously served as DfT's operator of last resort under section 30 of the Railways Act, ensuring continuity of passenger rail services when contracts with commercial operators ended. In 2024-25, DFTO managed 4 TOCs under these operator of last resort arrangements, which will now remain in public ownership following the passing of the 2024 Act: London North Eastern Railway Ltd, Northern Trains Ltd, Southeastern Trains Ltd, and TransPennine Trains Ltd.

In 2025-26, DfT has commenced the public ownership programme under the Passenger Railway Services (Public Ownership) Act. The South Western contract transferred to DFTO in May 2025 and the Essex Thameside (C2C) contract transferred in July 2025. Alongside the public ownership programme, DfT is establishing Great British Railways to merge responsibility for track and train operations into a single organisation, aiming to simplify operations and improve service quality.

Accounting and disclosure of Train Operating Companies

DFTO and the TOCs are classified by ONS as Public Corporations. Under HMT's financial reporting rules, they are therefore excluded from the annual statutory instrument which prescribes DfT's accounting and budgeting boundary.

A breakdown of DfT's financial support in 2024-25 to each TOC is provided in Note 27, alongside a summary of each TOC's own most recently published statutory financial results. For TOCs not yet owned by DFTO, in some cases the most recent published financial results are those for the year-ending 2024. In addition, some TOCs not owned by DFTO apply FRS 102 accounting framework rather than IFRS. For these reasons, the totals shown in Note 27 should be considered only as illustrative.

The TOCs' own financial statements include two significant accounting judgements which are material to their balance sheets, arising from the relatively short-term duration of TOCs' operating contracts with DfT.

Firstly, TOCs limit their recognition under IAS 19 of defined benefit pension scheme deficits and surpluses for their sections of the Railways Pension Scheme (RPS). This adjustment reflects that the time-limited periods of the TOCs' operating contracts with DfT are significantly shorter than the remaining average scheme duration of these pension sections, and therefore that the long term surpluses and deficits in those pension sections are unlikely to produce any economic benefits or costs to the TOCs during their current contract period, other than the obligation to meet employer contributions as they fall due. TOCs disclose the full pension scheme deficits and surpluses in the notes to their accounts: a summary of these is also included in Note 27 in these financial statements.

Secondly, TOCs limit their measurement of lease liability and right-of-use asset valuations to the shorter of the lease term and the anticipated remaining duration of the TOC's own contract with DfT. TOCs lease their rolling stock from private sector rolling stock owning companies (ROSCOs). In some cases, this approach produces a materially lower measurement of the lease liability and right-of-use asset in the TOCs' own financial statements than would be produced if valued for the full remaining lease term. Based on management information, DfT estimates the gross right of use asset and corresponding lease liability reflecting the full remaining lease term is c.£10bn. In addition, DfT has issued some guarantees and indemnities to promote long-term investment by ROSCOs into rolling stock, most materially a number of usage guarantees to ROSCOs that future train operators will continue to lease certain rolling stock up to a specified date. The estimated value of these guarantees is disclosed as a remote contingent liability in the Parliamentary and Accountability Report and is partially quantified.

Further information on the train operating companies can be found in the below sections of the financial statements:

- Usage guarantees to ROSCOs are disclosed as remote contingent liabilities in the Parliamentary Accountability Report.
- Financial support for rail services provided by DFT to TOCs through support for passenger rail services is shown as Expenditure in Note 3.2.
- Track access charges payable by TOCs to Network Rail for use of the railway infrastructure are shown in DfT Group financial statements as Income in Note 4.

- DfT's equity investment in DFTO and its TOC subsidiaries already under public ownership is shown in Note 12. An additional summary of DFTO's own financial results for the year is provided in Note 26.2.
- A summary of DfT's transactions with each TOC in 2024-25 is shown in Note 27. Note 27 also provides a summary of the TOC's most recently published financial position and financial performance.
- Those TOC contracts which have passed into public ownership since 31st March 2025 are disclosed as after the reporting period in Note 31.

Future outlook

HMT's Spending Review 2025[2] was published in June 2025 and saw the conclusion of a significant piece of work for DfT, setting future year budgets up to 2028-29 for Resource DEL and 2029-30 for Capital DEL expenditure.

At the heart of the settlement, DfT has secured a clear commitment to protect vital public transport services, maintain and renew our infrastructure, and invest in the long-term future of our transport system. This plan will deliver improvements to roads, rail and local transport – and build for the future, supporting growth, housing and sustainability in every region. The ongoing financial risks to the deliverability of this capital programme are managed through the mitigating actions identified for DfT's Affordability principal risk.

Excluding HS2, Capital DEL spending will continue to increase at an average real terms growth rate of 3.9% per year between 2025-26 and 2029-30.

Resource DEL spending will be more constrained and decrease over the remaining period of this Parliament; this is in line with the wider government fiscal position as DfT and wider Government seeks to deliver more with less, and also aligns with DfT's intent to reduce the net subsidy provided to train operators.

2 https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html

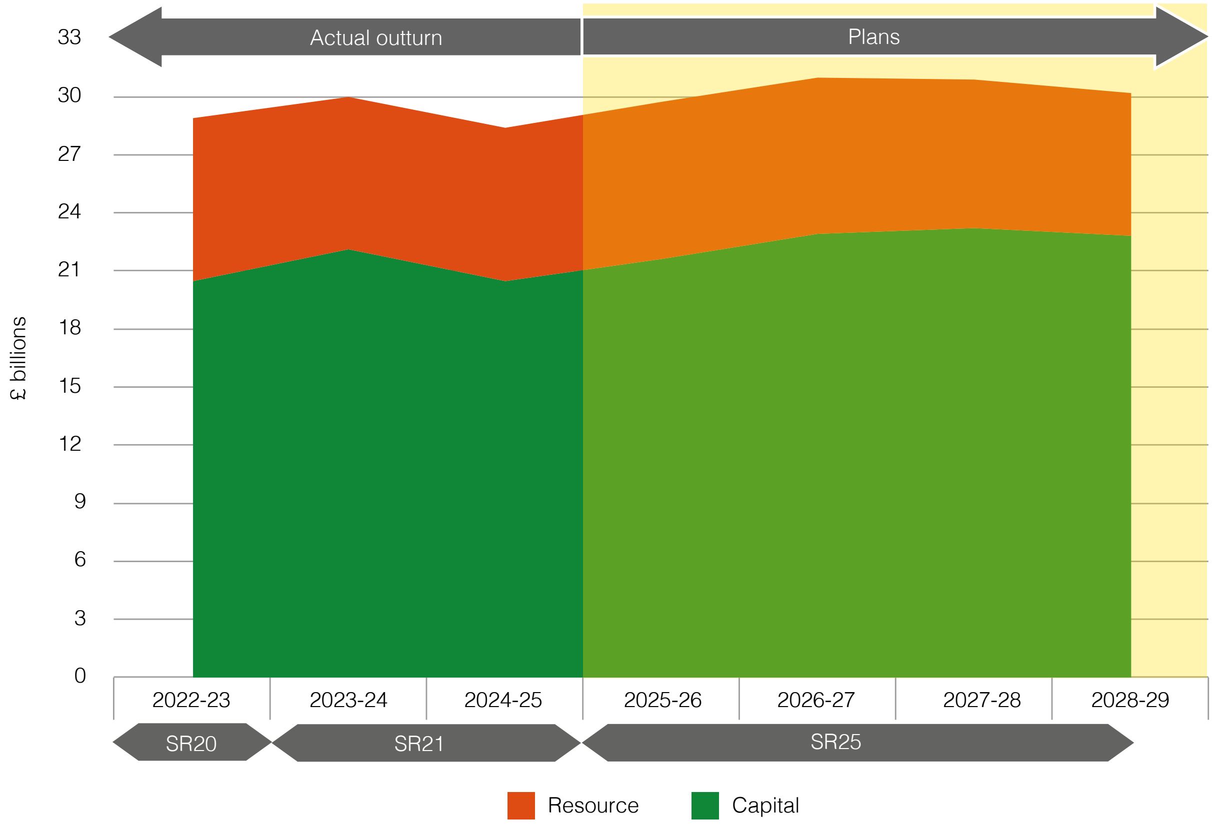


Figure 7: Total net expenditure (exc. Depreciation) split between capital and resource net expenditure.

Nick Joyce

Director General, Corporate Delivery Group

DfT’s Priority Outcomes and Strategic Enablers

DfT’s Priority Outcomes have been crafted in-year to align with the Government’s ‘Plan for Change’. These Priority Outcomes are interconnected, and DfT recognises the natural cross-cutting nature of these outcomes. They are also supported by a new suite of performance metrics to measure progress in delivering these outcomes.

DfT’s Priority Outcomes are:

1. **Growth** (including Place, Freight and Housing) – boosting economic growth through a transport network and improved infrastructure that, together with freight, housing, skills, innovation and trade, raises living standards and productivity for people, places, and businesses across the country.

2. **Greener, Safer and Healthier Transport** – continue the greening of transport to meet environmental targets, adapt to climate change, and improve public health by enabling walking, wheeling and cycling, promoting cleaner air, improving road safety, and other key interventions, contributing to a more resilient and future-ready NHS.

3. **Improving Transport for People** – improving the transport system to focus on people’s needs, ensuring it is safe, accessible, reliable and integrated, enabling people to access work, essential services and opportunities.

Delivery of DfT's Priority Outcomes are guided by four Strategic Enablers:

1. **Safety, Security and Resilience** – transport connects people and places, enabling increased prosperity and quality of life. It is therefore vital that the transport network remains safe, secure and resilient. DfT works with industry, international partners, and the rest of Government to mitigate against a wide range of current and future risks and threats – bolstering the UK's national security foundation.

2. **Science, Innovation, Technology and Data** – science underpins policy and decision-making, innovation creates new solutions to key challenges, technology offers opportunities to transform the transport system and data is the lifeblood that provides the insights to design a better future. Together, they are essential to DfT and the transport sector to deliver goals of a green, safe, inclusive and efficient transport system which are critical to supporting productivity and growth.

3. **International** – in an increasingly interconnected but uncertain world, with a rapidly changing geopolitical landscape, domestic and international policies are now inextricably intertwined, with global events directly impacting on delivery of our domestic transport objectives. It is therefore essential for the UK to engage confidently in the international system to deliver a safe, resilient and sustainable transport for the benefit of passengers and UK businesses.

4. **An Excellent Department** – This enabler supports more efficient working across all DfT sites by building on existing foundations to drive ongoing improvement and flexibility. Aligned with the Places for Growth 2030 ambition, it promotes a Civil Service that's better connected to communities across the country. It also helps attract talent by investing in skills and fostering a supportive, fulfilling workplace. Ultimately, this will strengthen DfT's ability to address complex transport challenges and deliver best value for taxpayers.

Performance Overview – DfT's 'Performance on a Page'

Growth

Boost economic growth through a transport network and improved infrastructure that, together with freight, housing, skills, innovation and trade, raises living standards and productivity for people, places, and businesses across the country.

Place, Housing and Infrastructure

£1.3bn funded into East West Rail.

73% of all tunnel drives completed for HS2.

£415m funding boost for the **TransPennine Route Upgrade**.

Freight

£1.2bn invested into renewing the Strategic Road Network.

The Development Consent Order for the construction of the **Lower Thames Crossing** was approved.

Greener, Safer and Healthier Transport

Continue the greening of transport to meet environmental ambitions, adapt to climate change, and improve public health by enabling walking, wheeling and cycling, promoting cleaner air, improving road safety, and other key interventions, contributing to a more resilient and future-ready NHS.

Greener

+75k public charge points **installed in total.**

+2.2k Zero Emission Buses funded.

Sustainable Air Fuels Mandate came into law, requiring 2% of jet fuel to be SAF.

Safer

£500m in funding uplift confirmed by the Chancellor for local highway maintenance for 2025–26 and made available to local authorities responsible for delivery of this crucial maintenance work.

Healthier

£291m of investment into 300 miles of walking, wheeling and cycling routes, **encouraging 30 million healthier journeys** every year.

6.5% reduction in NOx emissions.

Improving Transport for People

Improving the transport system to focus on people's needs, ensuring it is safe, accessible, reliable and integrated, enabling people to access work, essential services and opportunities.

Safe

Automated Vehicles Act received Royal Assent, enabling the deployment of safe self-driving vehicles on Great British roads by 2027.

822 stations installed, in total, with **Platform Edge Tactile Pavements.**

Accessible and Reliable

Launched the cross-Government motor insurance taskforce to **tackle the high cost of motor insurance.**

83% of disabled users were 'very' or 'fairly' **satisfied with their bus journey, up 4% on last year.**

Integrated

6k responses to our 'Call for Ideas' to help shape our **Integrated National Transport Strategy.**

Shadow Great British Railways formed, a significant step toward **implementing Great British Railways.**

Performance Analysis

Priority Outcome: Growth (including Place, Freight and Housing)

Boosting economic growth through a transport network and improved infrastructure that, together with freight, housing, skills, innovation and trade, raises living standards and productivity for people, places, and businesses across the country.

Summary

Kickstarting economic growth is the number one mission of this Government, in order to create more jobs, put more money in peoples' pockets and help rebuild Britain. As noted by the National Infrastructure Commission's Second National Infrastructure Assessment transport connectivity is vital for good growth, ensuring access to social and economic opportunity, reducing business costs through the efficient movement of goods and enabling agglomeration, and unlocking land for housing and commercial development. DfT has driven forward a range of activity to catalyse these mechanisms in the short, medium and long-term, to ultimately boost productivity, living standards and quality of life.

DfT has prioritised boosting economic growth in the UK through a transport network and improved infrastructure that, together with freight, housing, skills, innovation and trade, raises living standards and productivity for people, places, and businesses across the country.

DfT's primary contribution to the Growth Mission is by increasing connectivity between people and organisations, boosting the economic density of the country. This catalyses growth's four main channels: lower costs, better ideas, more jobs and stiffer competition.

2024 – National Connectivity Score

Core Metric 1: Overall National Connectivity Metric

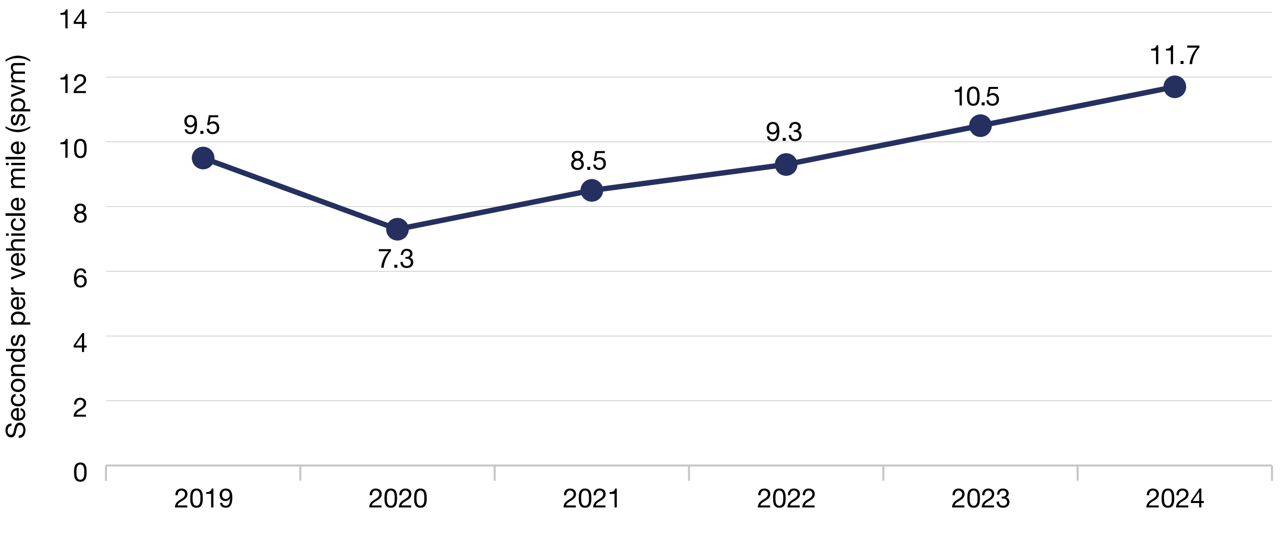
DfT's core metric on overall national connectivity (see core metric 1) measures how well-connected the average postal code is to services and employment opportunities. The regional comparison illustrates how connectivity in London has outpaced other English regions. This is a newly developed metric and will be reported annually. As of June 2025, DfT have produced a version that uses much more recent data. Therefore, the time lag is variable by input source.

Over time, the aim is to see all scores rising, particularly connectivity outside of London, raising productivity and boosting economic growth. DfT has invested over £1 billion in funding to local highway authorities across England to maintain and improve road surface conditions.

DfT also tracks connectivity to employment (core metric 2) – the ease by which people can reach employment opportunities using the transport network. This metric helps to understand how transport improvements are expanding skills to match productivity. This core metric is calculated using a combination of travel time data and accessibility metrics. Since this metric is a relative measure – meaning that the score for each postal code is placed on a relative scale between 1 and 100 – the aggregate measure for England will become insightful once DfT begins to track its progress over time to illustrate how effective our delivery plans have been in driving connectivity to employment.

In 2024–25, DfT continued to deliver its portfolio of committed major infrastructure projects, driving economic growth in the immediate term by creating jobs and stimulating investment, and boosting productivity in the longer term through improved connectivity. Significant progress was made on the TransPennine Route Upgrade (TRU), with electrified services launched, new stations opened, and over £7.4 billion committed, around 75% of the total projected cost. This critical investment strengthens connectivity between northern economic hubs and enhances reliability for both passengers and freight.

Delivery of HS2 also advanced at pace, with 73% of tunnelling completed and major engineering milestones reached, including the Colne Valley viaduct becoming the UK's longest rail bridge. HS2 is set to unlock tens of thousands of jobs and homes across the West Midlands and West London, catalysing regeneration and regional growth.



Core Metric 3: Average Delay on the Strategic Road Network

The Strategic Road Network (SRN) remained a cornerstone of our growth agenda, with £1.2 billion invested in maintenance and upgrades to ensure efficient connections to ports, airports, and distribution centres. This year's programme focused particularly on freight resilience. While average delays on the SRN have increased since 2020, short-term impacts from works such as the SMART motorway National Emergency Area Retrofit (NEAR) programme and shifting traffic profiles (e.g. more HGVs and speed-limited vehicles) are being managed to ensure long-term asset reliability and performance.

In parallel, DfT progressed its transport devolution agenda, launching the Devolution Priority Programme with the Ministry of Housing, Communities and Local Government (MHCLG) and publishing the English Devolution White Paper, paving the way for six new mayoral areas. Integrated settlements in Greater Manchester and the West Midlands provided local leaders with greater control over strategy and delivery, marking a shift toward more locally driven, outcome-focused infrastructure planning.

To align housing and transport planning, DfT embedded an integrated approach across Government programmes. This includes supporting MHCLG led schemes like the long-term Housing Strategy (publishing July), the New Towns programme, and the New Homes Accelerator. A major innovation was the development of the DfT Connectivity Tool, believed to be the most sophisticated measure of connectivity yet, which will guide sustainable housing growth by helping local authorities identify and unlock well-connected development sites.

DfT's investment in green and innovative transport continues to support the UK's longer-term productive capacity. For example, promoting Sustainable Aviation Fuels (SAF) is helping to grow new green industries, while the Automated Vehicles Act creates a regulatory environment that could unlock £42 billion in industry value and up to 38,000 skilled jobs. Together, these initiatives reflect DfT's commitment to a modern, integrated transport network that supports jobs, drives innovation, and boosts UK productivity.

Areas of work

Key progress made under this Priority Outcome is summarised below.

Rail Connectivity Programmes

DfT's rail connectivity programmes are central to the UK's strategy for enhancing national infrastructure and driving sustainable economic growth. By investing in improved rail links across cities, regions, and rural areas, this workstream aims to reduce journey times, increase capacity, and boost reliability—making it easier for people to access jobs, businesses to reach markets and communities to thrive. From major upgrades on key intercity routes to the development of regional rail schemes, these programmes not only support a more efficient and integrated transport network but also unlock opportunities for investment, productivity, and regional development across the country.

Activity	Description	2024-25 – Key Delivery
High Speed 2 (HS2)	Despite challenges, DfT continues to make good strides forward with HS2, a new high-speed railway that will provide much-needed extra capacity between London and Birmingham, as well as faster and more reliable trains from London to Manchester, Liverpool, and Scotland. After years of repeated cost increases, the Government is committed to bringing the project under control. DfT has taken action to bring the project back on track, including reviewing HS2 Ltd.'s main works civils contracts to make sure they deliver the best possible value for taxpayers and reinstating ministerial oversight to ensure greater accountability. DfT has tasked the new CEO of HS2 Ltd, Mark Wild, with undertaking a comprehensive reset of the programme to recommend revised cost and schedule estimates and deliver the remaining work at the lowest reasonable cost. This work will continue over the coming months, and the Government will report on progress. The Government is also committed to bringing HS2 to Euston, with funding confirmed to proceed with tunnelling from Old Oak Common to the central London terminus. This public investment will catalyse private investment into Euston station and the local area and support national growth. DfT continues to work with key partners to develop affordable, integrated plans for the HS2 station and the wider Euston Station Campus – including redeveloping the existing station – and is evaluating different models of delivering and financing the works. In the meantime, HS2 is well into its construction phase and being delivered between London and the West Midlands, including four new stations. HS2 tracks will end with two branches in the Midlands: one to Curzon Street station in central Birmingham and one to Handsacre Junction, near Lichfield. From there, HS2 trains will be able to travel on to Liverpool, Manchester, and Scotland via the West Coast Main Line.	• In September 2024 the Colne Valley viaduct's 2.1-mile-long deck was assembled. With the installation of the 1,000th deck segment, it became the UK's longest rail bridge. • HS2 Ltd, to date, has successfully completed 73% of the tunnel drives across the length of the route.

Activity	Description	2024-25 – Key Delivery
High Speed 2 (HS2)	Research from the February 2024 report: From trains to cranes: HS2 and the West Midlands' development boom – HS2 estimates that HS2 will add £10 billion to the West Midlands' economy over the next 10 years. The report predicts HS2 will bring about the delivery of over 41,000 new homes and over 30,000 new jobs within HS2's West Midlands impact zones. Research from the March 2025 report: From trains to cranes: HS2 and the West London development boom – HS2 predicts that HS2 will add £10 billion to the west London economy over the next 10 years. The report highlights the prediction of over 22,000 new homes and over 18,000 new jobs within the Old Oak Common impact zone. The two reports highlight that both the West Midlands and west London have already seen a significant increase in the number of planning applications and planned homes since Royal Assent in 2017.	
TransPennine Route Upgrade (TRU)	DfT continued to deliver the TRU, a £11 billion modernisation programme for the key East-West rail link across the north of England from Manchester to York, via Huddersfield and Leeds. The improvements will enable faster and more frequent passenger services and provide significant additional freight capacity. The investment will also improve the reliability of assets and drive up the performance.	• In spring 2024, DfT announced an additional £415 million funding injection into TRU, meaning £7.4 billion has been committed to date which represents c.70% of the total expected cost. • In spring 2024, diversionary route capacity was delivered for three routes (Calder Valley, Castleford, and Healey Mills) to keep passengers moving during line closures. • In the summer of 2024, Network Rail contracted the two largest sub-projects of the TRU programme between Huddersfield, Leeds and Church Fenton. • In December 2024, Northern and TransPennine Trains commenced the operation of electricfied services between Manchester Victoria and Stalybridge and this was the first phase of electrifying the whole route. The second phase (York to Church Fenton) will open for electric services by the middle of 2025.

Activity	Description	2024-25 – Key Delivery
Northern Powerhouse Rail (NPR)	NPR will improve East-West connectivity across the North, connecting people and businesses more effectively. It will build on the improvements achieved through the TRU Upgrade to boost economic growth in the north of England by better connecting people, jobs, and places. NPR will deliver more frequent, reliable, and accessible rail services between the cities of the north and other significant economic centres, opening fresh opportunities, including access to more and higher-paid jobs. DfT announced in the Autumn Budget that it is maintaining momentum on NPR by progressing planning and design works to support future delivery. NPR is the Government's long-term programme to further improve rail connectivity in the North of England, building on the TransPennine Route Upgrade. It will provide faster and more frequent services between the key economic centres, including Liverpool, Manchester, Bradford, Leeds, Sheffield, and York; delivering improvements to rail capacity and journey times via electrified, upgraded, and new railway lines.	• Throughout the year, HS2 Ltd have advanced strategic scheme development for the geography between Liverpool and West Yorkshire. • Throughout the year, design options for stations at both Manchester Airport and Manchester Piccadilly have been revised. • Throughout the year, Network Rail continued the next stage of design work for several NPR upgrade corridors in Yorkshire, including Leeds, Sheffield and Bradford. • In February 2025 the first iteration of Bradford's Strategic Outline Business Case was completed. • NPR's Accounting Officer Assessment was completed in March 2024 under the previous government and publication was delayed during the general election, with the AOA being published in July 2024 demonstrating responsible financial management, strengthening public trust in NPR's use of public funds.
Northumberland Line	The Northumberland Line runs from Ashington and Blyth to Newcastle and is vital for connecting people in southeast Northumberland to education, employment, and leisure opportunities. Passengers can currently travel from three new stations (Ashington, Seaton Delaval and Newsham) into Newcastle Central and Manors. The remaining three stations (Blyth Bebside, Northumberland Park, and Bedlington) are due to open by the end of 2025, which Northumberland County Council will confirm in due course.	• In December 2024, the Northumberland Line reopened for passenger services, marking the first time in over six decades that passengers could travel between Ashington and Newcastle on this railway line. • In June 2025, the line achieved the milestone of 400,000 passenger journeys since reopening.
West Midland Trains (WMT) and Stations	WMT operates under two brands – Northwestern Railway (LNR) and West Midlands Railway (WMR). Through the LNR brand, they facilitate connections between London and the Midlands and the North West, while WMR operates train services in the West Midlands region. West Midlands Rail Executive (WMRE), with whom DfT jointly manages the operator contract, is currently building new stations along the Camps Hill Line and the Darlaston Line. This initiative aims to enhance rail connectivity to Birmingham City and thereby improve access for residential communities in the surrounding areas.	• Successful entry into service of the Class 730 three-car fleet, enabling the transition of Cross City services from the older Class 323 fleet to the modern Class 730 Electric Multiple Units (EMUs) with greater capacity. • Received delivery of 18 five-car Class 730 trains, which began entering into service on 9 June 2025, following resolution of technical issues (related to cab noise) and driver training.

Activity	Description	2024-25 – Key Delivery
East Midlands Railway (EMR)	EMR serves routes across the East Midlands and beyond. EMRs new Aurora bi-mode trains will run using electric overhead lines from the £1.5 billion Midland Main Line upgrade and will cut harmful emissions by up to 90% compared to the legacy High Speed Trains. A £60 million programme funded by the Rolling Stock companies which is being paid back via increased lease charges for the trains, to refurbish East Midlands Railway regional and Connect fleet, commenced and will continue over the next few years. With the introduction of the new Aurora Intercity trains, over the next few years all EMR trains will either be replaced or refurbished.	• In November 2024, an extension to Etches Park Depot was completed, which is now ready for the 33 new Aurora bi-mode trains that are being built by Hitachi in the North-East of England through a £400 million contract, which is also funded by the Rolling Stock companies and are due to replace EMR's current Intercity Fleet. These should enter service in late 2025.
Midlands Rail Hub (MRH)	MRH supports the Government's mission to kickstart economic growth and break down barriers to opportunity, by upgrading connectivity and reliability, delivering benefits right across the Midlands and across the country. This means providing capacity for over 100 extra trains per day into central Birmingham and improving the performance of services which run through New Street station, by making better use of Moor Street station.	• In February 2024, DfT announced £123 million in funding for design work to begin on Midlands Rail Hub. The first phase could be complete by the early 2030s.
East West Rail (EWR)	EWR is a new railway which aims to unlock growth for Oxford, Milton Keynes, Bedford, Cambridge and beyond. It will transform connectivity for residents and businesses, supporting economic growth and local housing plans. EWR is split into three connection stages: Connection Stage 1 (CS1) will create a direct rail service from Oxford to Bletchley and Milton Keynes. Connection Stage 2 will provide services between Oxford-Bedford. Connection Stage 3 will provide the full service from Oxford-Cambridge and is subject to further public consultation before a Development Consent Order application is submitted.	• In the Autumn Budget, the Chancellor announced that CS2 works would be accelerated to allow EWR services to reach Bedford from 2030, with the full CS3 Oxford-Cambridge services due to begin in the mid-2030s. • In December 2024, the infrastructure for Connection Stage 1 was completed. • In March 2025 DfT announced Chiltern as the operator for the first (CS1) services between Oxford, Bletchley and Milton Keynes, due to commence later this year.

Major Road and Local Transport Funding

This workstream forms a crucial part of the Government's wider strategy to improve connectivity, support economic growth and enhance the reliability of England's Road infrastructure. Initiatives like the Major Road Network and Large Local Majors programme sit alongside traditional Local Transport Funding streams, including City Region Sustainable Transport Settlements and wider local transport funding, helping to reduce regional disparities and unlock local growth. These investments support economic growth by reducing journey times, improving business productivity, and enabling housing development. For freight, they offer critical reliability, reduce fuel costs, and enhance last-mile access to key sites such as ports, distribution hubs, and freeports. By easing strategic bottlenecks and aligning with decarbonisation goals through smarter traffic flow and modal shift opportunities, this workstream complements a broader effort to build a more integrated and resilient freight network.

Activity	Description	2024-25 – Key Delivery
Major Road Network (MRN)/ Large Local Majors (LLM) Programmes	The MRN Programme provides a route for local authorities to seek DfT funding for schemes on the middle tier of England's busiest and most economically important local authority 'A' roads. Interventions include enhancements and structural renewals. DfT can contribute up to 85% of scheme costs with schemes costing c.£20 to £250 million+. The MRN Programme has five strategic objectives: 1. Reduce congestion, through investments which enhance roads on the MRN, making it better able to cope with demand by adding capacity. 2. Support economic growth and rebalancing, through investments into the MRN that connect people and businesses to markets and international gateways, boosting economic productivity. This makes places more attractive, encouraging investment. Schemes can also provide benefits of improved resilience, including from climate change impacts. The schemes provide a regional spread across England. 3. Support housing delivery, ensuring that the programme supports the delivery of thousands of new homes. 4. Support all road users, through local authorities that are required to consider the needs of and deliver benefits for all users. 5. Support the SRN and ensure a seamless transition between the MRN and SRN. Since its inception in 2019, the MRN Programme has been instrumental in improving major local authority-managed roads through the development of over 90 schemes with a cost of £7.45 billion, of which DfT contribution is £5.44 billion. The LLM Programme was set up in 2016 to cater for the small number of exceptionally large local highway authority transport schemes that could not be funded through the normal routes. The process for submitting scheme proposals for the LLM Programme aligns with the MRN investment planning process. Work in this area is also directly linked to DfT's Priority Outcome to deliver Greener, Safer and Healthier Transport, with work to repair our local highways being a key in ensuring safer roads.	• In 2024/25, the programme has made substantial progress, with £205 million in funding paid across multiple regions to support the continued delivery of schemes despite challenges such as inflationary costs in construction, constrained local authority budgets, and delays due to the General Election and new Government policies. • Throughout the year, three schemes opened to the public: Lake Lothing Third Crossing in Suffolk and Redbridge Causeway in Hampshire (both opened in September 2024); and North Devon Link Road in December 2024. • Seven schemes also began construction during 2024/25 with a combined government funding commitment of over £190 million.

Activity	Description	2024-25 – Key Delivery
City Region Sustainable Transport Settlements (CRSTS)	DfT's CRSTS programmes provide eligible city regions and local authorities with funding to invest in transport infrastructure. DfT is now more than halfway through the first 5-year CRSTS period, with many schemes completing development and entering their delivery phases. It is worth noting that the SR25 announced that Transport for City Region (TCR) settlements to follow CRSTS from 2027-28 to 2031-32, and that funding would increase to £15.6 billion. Over £500 million of the £15.6 billion TCR funding has been brought forward into 2025-26 and 2026-27 to enable preparation and early delivery of programmes.	• In July 2024, the West Yorkshire Combined Authority delivered the £20 million 'Halifax Bus Station' project – bringing a modern, fit-for- purpose bus station into the town centre. • In October 2024, an additional £200 million was allocated to CRSTS projects. This includes an uplift in revenue funding to support development and acceleration of projects, both in CRSTS1 and CRSTS2. • In December 2024, the Northeast Mayoral Combined Authority agreed their £563 million CRSTS1 plan, which runs until 2027 – this will see the delivery of the North Shields Ferry Landing, additional gate lines for the Metro and the new Sunderland Station Central Entrance. • Throughout the year, Greater Manchester have delivered the £4.5 million Bolton Carriageway maintenance scheme, improving the quality of their Key Route Network.

Activity	Description	2024-25 – Key Delivery
Transforming Cities Fund (TCF)	DfT's TCF is an initiative that invests in public and sustainable transport infrastructure that improves connectivity and reduces congestion across the country. Allocations for this year's TCF programmes have been paid to cities, and this completes the final funding for the programme.	• In March 2025, Leicester completed delivery of their £40 million TCF programme. The funding has been used to provide a new orbital city centre electric bus service; improve park and ride provisions; prioritised bus measures/lanes and cycling and walking routes; and improved city connectivity. • In March 2025, Portsmouth completed delivery of their £60 million TCF programme. The funding has been used to provide new and improved bus corridors; walking and cycling improvements; Ryde transport hub, highway and bus interchange and rail station improvements on the Isle of Wight. • At 2024-25-year end, TCF cities had completed 92% of delivery milestones programme wide.
Activity	**Description**	**2024-25 – Key Delivery**
Local transport Funding	DfT's local transport funding improves transport in our smaller cities, towns, villages and rural areas. This includes funding to progress transport-related Levelling Up Fund projects (such as delivering new and improved cycling and walking routes, upgrading road junctions, installing new EV charging, and rail station upgrades), and the Integrated Transport Block (ITB). DfT recently confirmed funding allocations for 2025/26 for the ITB and additional resource funding for local authorities and announced allocations for the one-year Local Transport Grant (LTG) in 2025/26 for specific local authorities. .	• Throughout 2024-25, DfT progressed on 54 Levelling Up Fund transport schemes in 2024-25; and allocation of £170 million ITB funding was made to local authorities to deliver small local transport renewals and enhancements.

Activity	Description	2024-25 – Key Delivery
Lower Thames Crossing (LTC)	The LTC is a key part of the Government's Plan for Change and will support delivery of missions including driving economic growth and drive towards clean energy through its revolutionary approach to building new infrastructure by delivering a new blueprint for net-zero construction using hydrogen. It is a new 14.3-mile road and tunnel which will pass under the river Thames connecting Kent and Essex. It will almost double the road capacity across the river Thames east of London and is the largest single road investment project in the UK since the M25 was completed more than 30 years ago.	• In January 2025, the Chancellor announced that DfTc and National Highways were exploring all funding options for the LTC, including private finance. • In March 2025, the Lower Thames Crossing was granted development consent by the Secretary of State.

Bus Reform and Initiatives

DfT has been working to control bus travel costs, encouraging greater use of it as a mode of transport, particularly for lower-income communities, thereby improving access to jobs, education, and services, putting more money into people's pockets. The Bus Services Bill will deliver on the Government's manifesto commitment to reform funding and give greater control to local leaders for bus services, strengthens local powers to plan and manage services, helping ensure networks better align with economic needs.

Activity	Description	2024-25 – Key Delivery
Bus Services Bill (No.2)	**DfT is delivering the Government's manifesto commitment to reform funding and give greater control to local leaders for bus services and local transport priorities.** The Bus Services Bill (No.2) is a key part of the Government's bus reform agenda, aimed at improving the passenger experience and increasing bus usage. The Bill will grant local leaders the ability to choose the best bus service management model for their areas, whether that be franchising, strengthened Enhanced Partnerships with private operators, or local authority owned bus companies. The Bill will aim to make bus travel more accessible and inclusive and accelerate the decarbonisation of bus services. It will also devolve grant design and payment powers to Local Transport Authorities (LTAs), giving them greater control over bus funding. DfT are expecting Royal Assent later into 2025, subject to parliamentary time. Once achieved, there will be a programme of Statutory Instruments, alongside guidance published by DfT, to implement the Bill's measures. The Bill was preceded by a Statutory Instrument that opened the ability to franchise bus services to all LTAs. Prior to this, only Mayoral Combined Authorities or Mayoral County Combined Authorities were able to franchise.	• In the Autumn Budget, the Chancellor announced over £1 billion of investment in 2025-26 to support and improve bus services in England outside London and keep fares affordable, reinforcing its commitment to improving bus services. • In December 2024, DfT published updated bus franchising guidance and delivered a statutory instrument which grants bus franchising powers to all LTAs in England.

Activity	Description	2024-25 – Key Delivery
Demand Responsive Transport (DRT) Trials	DRT trials supported by DfT's £20 million Rural Mobility Fund (RMF) have continued, with all but two schemes now launched. Some schemes have now completed their initial pilot period but continue to operate either in a similar way or have expanded, including Nottinghamshire and Surrey who have added new zones to their DRT operations. The rural mobility fund evaluation: interim report was published in September 2023 and a further final process evaluation report will be published in the latter half of 2025, with a Value for Money and Impact Evaluation expected to be published in the latter half of 2026. DRT schemes supported by bus service improvement plan funding are operating in multiple areas across England, including East and West Sussex and the West of England. These schemes are run by LTAs with further details found on each of their websites.	• In March 2024, Derby City Council initiated the procurement process for a new DRT service targeting underserved southern areas of the city. • By November 2025, Hertfordshire's HertsLynx service had reached 50,000 passenger journeys, demonstrating its effectiveness in connecting rural communities to key hubs.
National Bus Fare Cap (NBFC)	The NBFC helps millions of people across the UK to access better opportunities, thanks to investment of more than £150 million. The £3 NBPC replaced the £2 fare cap, which was in place from January 2023 until the end of 2024, helping passengers to save on their regular travel costs. The increase in the fare cap from £2 to £3 was necessary as maintaining the lower cap would have required significant additional funding, which is not affordable within DfT's current baseline. The fare cap was originally introduced as a short-term cost-of-living intervention. However, it becomes increasingly expensive to sustain over time due to inflation driving up industry costs and widening the gap between the cap and commercial fares. The longer the cap remains in place, the harder it becomes to withdraw, as passengers become more anchored to the subsidised fare and competition between operators diminishes. The monitoring and evaluation of the £2 NBFC report found that the scheme met its two objectives, which were to reduce the cost of living, particularly for low-income households, and to support recovery in bus patronage. The £2 NBFC contributed approximately a 5% increase in bus patronage compared to the previous year. Bus operator data suggests that £2 NBFC led to a 27% reduction in the price of single tickets, which cost more than £2 before the scheme was introduced. DfT anticipate that the £3 NBFC will continue to enable additional bus journeys and improve access to jobs, education, and services.	• In November 2024, DfT announced the £3 NBFC on single bus fares in England outside London from 1 January 2025 through to 31 December 2025. • In February 2025, a report covering the first 10 months of the initial £2 NBPFC was published.

English Devolution

This workstream is working to allow areas to tailor transport policies, spending, and services to local needs and priorities. In England, devolution has taken shape through the creation of Mayoral Combined Authorities and bespoke devolution deals, granting regions greater control over budgets and long-term investment. Devolution is seen as a key mechanism for driving regional growth, improving public services, and addressing inequalities by empowering local leaders to deliver place-based solutions and unlock economic potential more effectively than top-down governance alone.

Activity	Description	2024-25 – Key Delivery
The English Devolution White Paper	**DfT is delivering the Government's manifesto commitment to empower Mayors to create Integrated Transport Systems and ensure efficient infrastructure delivery.** The Government outlined its plans to widen and deepen devolution in the English Devolution white paper in December 2024. The white paper sets out a new, standardised devolution framework which will be set in legislation for the first time. The framework includes powers and functions which will help unlock regional growth, delivering on the Government's Plan for Change. It will empower local leaders to have greater control over their local transport networks and greater influence over rail and our Strategic Road Network. The Government also announced the Devolution Priority Programme in February 2025 – one of the largest-ever packages of mayoral devolution in England – to support six new areas to become mayor-led strategic authorities by May 2026. This builds on the progress already made to extend devolution across the UK (see map below) and would see 80% of England or over 44 million people, benefitting from devolution. Local transport is a key pillar of the first cross-departmental integrated funding settlements developed for launch with Greater Manchester and West Midlands Mayoral Combined Authorities in the first instance in April 2025. Integrated settlements, which will be extended to other 'Established Strategic Authorities' in future, giving local leaders the ability to move funding between themes, with delivery assessed against agreed outcomes and outputs. Greater autonomy and flexibility in how local leaders spend their budgets should facilitate increasingly joined-up planning and policymaking and better- targeted interventions, resulting in higher value for money and improved outcomes.	• In December 2024, the MHCLG published the English Devolution White Paper. • In February 2025, Places were confirmed in the Devolution Priority Programme, DfT is actively engaging with the six confirmed places.

Airport and Seaport Planning and Infrastructure

This workstream is critical to economic growth as airports and seaports act as gateways for international trade, tourism, and investment. Efficient, well-connected airports and seaports support supply chain resilience, reduce costs for businesses, and enable faster movement of goods and people.

Activity	Description	2024-25 – Key Delivery
Heathrow Runway Expansion	The Government supports and is inviting proposals for a third runway at Heathrow, and will review the Airports National Policy Statement. This provides the basis for decision making on granting development consent for a new runway at Heathrow, to ensure that any scheme is delivered in line with our legal, environmental and climate obligations. Promoters have been asked to submit proposals to the Government in the summer of 2025, with the goal of securing planning permission before the end of the next parliament.	• In January 2025, the Government officially supported and has invited proposals for a new third runway at Heathrow Airport and committed to review the Airports National Policy Statement when these proposals are received.
Activity	**Description**	**2024-25 – Key Delivery**
London City Airport Expansion	London City Airport's expansion plans aim to increase annual passenger capacity from 6.5 to 9 million by 2031, while maintaining the existing flight cap of 111,000 per year.	• In August 2024, DfT approved the plan to expand London City Airport. The approval includes additional early morning flights on weekdays but rejects proposals to extend Saturday afternoon operating hours.

Activity	Description	2024-25 – Key Delivery
London Stansted Expansion	London Stansted is working to extend its terminal and enhance the passenger journey, which is expected to double the airports economic contribution and create up to 5,000 new jobs in the area. The airport has since submitted a further planning application to increase its annual passenger limit from 43 million up to 51 million passengers by the 2040s.	• In October 2024, the Secretary of State welcomed Stansted's £1.1 billion investment alongside the launch of the Government's Industrial Strategy.
London Gatwick Airport	An application for a DCO has been made by Gatwick Airport Limited to bring their existing Northern Runway into routine use alongside their Main Runway. Gatwick estimates the airport could serve around 75 million passengers per annum by 2038, compared to 46.6 million in 2019.	• Following the Planning Inspectorate's report and recommendation, the Secretary of State issued a 'minded to approve' letter, recommending an alternative DCO including a range of controls on the operation of the scheme. • Gatwick responded to the Secretary of State in the April 2025. Following a six week consultation, the Secretary of State will now review all information provided before making a final decision by 27 October 2025. If approved, construction could begin by the end of the year.
Luton Airport Expansion	Luton Airport aims to expand its passenger capacity via the construction of a new passenger terminal and additional aircraft stands. It is estimated that a London Luton Airport handling 32 million passengers per annum by the mid-2040s could support delivery of almost 11,000 new jobs. The contribution of an expanded London Luton Airport could provide an additional economic benefit of £1.5 billion every year.	• The Secretary of State approved Luton Airport's Development Consent Order in April 2025.
Doncaster Sheffield Airport Reopening	The Government will work with City of Doncaster Council and the Mayor of South Yorkshire to support efforts to re-open Doncaster Sheffield Airport as a regional airport.	• The Government has established a working group to support local efforts to reopen the airport and unlock wider benefits in the region.

Freight

A strong, integrated freight network is essential to unlocking economic growth in the UK, as it enables the efficient movement of goods across the country. This supports everything from manufacturing and retail to agriculture and e-commerce. When freight can move reliably and quickly by road, rail, sea, or air, businesses enjoy lower transport costs, reduced delays, and greater productivity.

Activity	Description	2024-25 – Key Delivery
Strategic Road Network (SRN)	The SRN is a critical piece of England's infrastructure, connecting millions of people and businesses every day, right across the country. The SRN carries two thirds of the miles that lorries drive and linking most major ports and airports, it is vital to maintain a free-flowing network, operated to a high standard, to support economic growth. DfT has already invested a record £5.1 billion through the second Road Investment Strategy (RIS2). Including completing works on seven major enhancements, from A1 Birtley to Coal House in the North-East, to A30 Chiverton to Carland Cross in the South-West. Renewals ensure the network remains fit for purpose, providing reliable journeys to millions of users who depend on the SRN for their work or connecting their communities.	• From February 2025, work began on major schemes on the A47 in the East and the A57 in the North-West, reducing congestion and improving journey times. • In 2024-25, £1.2 billion was spent on renewing elements of the network, including the road surface and significant structures, reducing the risk of costly and disruptive unplanned work in the future. • At year end, National Highways had met its target of 96.2% of the pavements to be rated in 'good' condition.
New Plan for Freight	DfT has continued to gather data and generate insights on the UK's multimodal domestic freight and logistics network to improve decision-making. This will make sure the strongest evidence is available to share and use in support of policy development and decision making across government and the freight and logistics system. Through the Freight Energy Forum which aims to accelerate the deployment of zero-emission infrastructure and build confidence in the provision of the necessary energy, DfT and industry are working together to address key challenges in the transition to zero emission freight.	• Collaborative work alongside Industry has commenced on a new freight plan, which the DfT will publish in late 2025. This plan will outline actions to ensure that the freight sector contributes to economic growth and decarbonisation.
National Planning Policy Framework (NPPF)	Following the substantial evidence provided in response to a 2023 Call for Evidence, for the first time ever, freight and logistics have been included as a key growth industry in the NPPF. The NPPF now explicitly encourages local planning authorities to pay regard to facilitating development to meet the needs of a modern economy, and DfT will continue to work with the MHCLG to ensure the planning system appropriately reflects the needs of the sector.	• In December 2024, freight and logistics were formally integrated into the NPPF.

Activity	Description	2024-25 – Key Delivery
Freight Innovation Fund (FIF)	The FIF is a targeted initiative that supports the decarbonisation and efficiency of the UK freight sector. It brings together innovators, industry partners, and government to trial and scale technologies that improve freight movement across modes -road, rail, air, and maritime. FIF aims to make freight cleaner, more reliable and integrated.	• FIF has supported 10 SMEs to trial their technology in the real world through the FIF accelerator. • The SMEs supported have gone on to leverage over £2m of additional capital funding already, adding to the over £100m of additional funding raised across all three cohorts. • The Freight Innovation Cluster (FIC) has grown by 29%, with almost 400 members, and has funded two collaborative competitions worth £200,000. The FIC aims to accelerate the adoption of innovative freight solutions by creating a robust ecosystem.
Kent Resilience Strategy	This strategy explores a new approach to traffic management, using technology such as a mobile app and off-road sites, using existing lorry parks and HMG sites to manage and hold HGVs when there is short straits disruption rather than holding them on major roads. In 2023, a technology discovery project was carried out and further work on how a technology could be used to help coordinate the flow of HGVs for traffic management purposes.	• Throughout the year, further work has been undertaken with key stakeholders and progressing the requirements and specification for the alpha stage of technology development, including a day with potential suppliers informing us of what the technologies are available/possible in the market.
Rail Freight	DfT has continued to work with industry on the Government's policy to grow the use of rail freight on the network. DfT continues to work towards the reform of the railways through the development of a statutory duty on Great British Railways to promote the use of rail freight.	• Work has begun developing settings and targets for rail freight growth, as set out in 'Getting Britain Moving'.

Activity	Description	2024-25 – Key Delivery
Mode Shift Grants	DfT's Mode Shift Revenue Support (MSRS) scheme helps to reduce road congestion and emissions by encouraging the movement of freight from road to rail or inland waterways. The scheme prevents around 1 million lorry journeys each year, saving 45,000 tonnes of CO2 emissions. Subject to budget approval, DfT will be commencing a process and impact evaluation which will update the findings of the previous review in 2020 which estimated that removing the MSRS scheme could result in c.50%-60% of traffic moving to roads and having a net negative impact of around £57.9 million per annum.	• In February 2025, DfT announced an extension to the MSRS scheme until 31 March 2026.

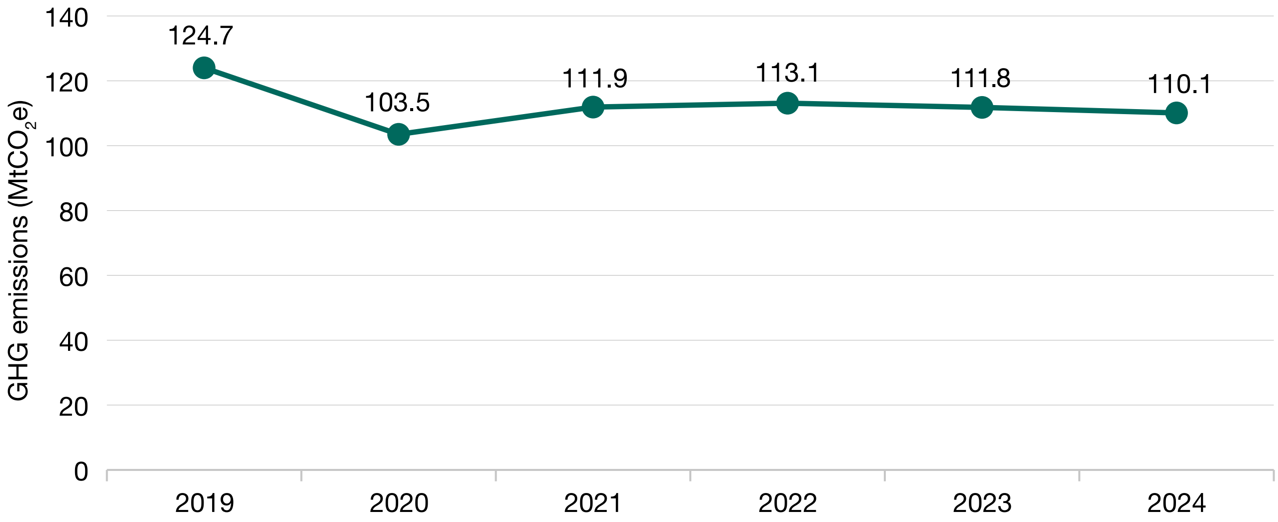
Priority Outcome: Greener, Safer and Healthier Transport

Continue the greening of transport to meet environmental targets, adapt to climate change, and improve public health by promoting active travel, cleaner air, improving road safety, contributing to a more resilient and future-ready NHS.

Summary

DfT's work to combat environmental challenges facing the UK covers a broad set of outcomes – the environment is a critical thread that guides our work. As the largest carbon emitter in the UK, transport must have a robust plan for delivering its contributions to UK-wide carbon targets, protecting our planet for future generations, and DfT must also support the decarbonisation of industry through ensuring our infrastructure is decarbonised.

One of DfT's core metrics to measure progress against this outcome is UK Greenhouse Gas emissions from all domestic transport, and international aviation and shipping bunkers, measured in million tonnes of CO2 equivalent (see core metric 4).

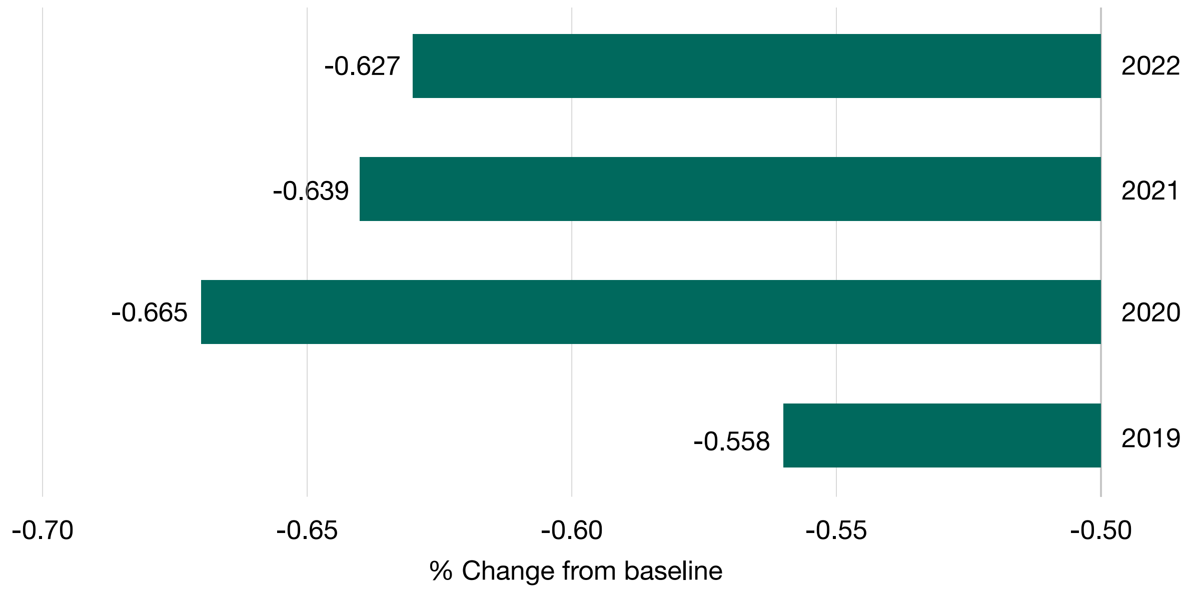


Core Metric 4: Greenhouse Gas Emissions from Transport

This metric has decreased year-on-year for the last three consecutive years in part due to increasing electrification of road transport.

The effects of improving air quality directly link to the Government's Missions to make Britian a Clean Energy Superpower. Cleaner air and ensuring that more journeys can be taken by walking and cycling will help to improve people's health and well-being.

DfT's core metric on air quality measures the percentage change in annual fine particulate matter (PM2.5) emissions from transport compared to the level of emissions in 2005 (referred to as the 'baseline') (see core metric 5).



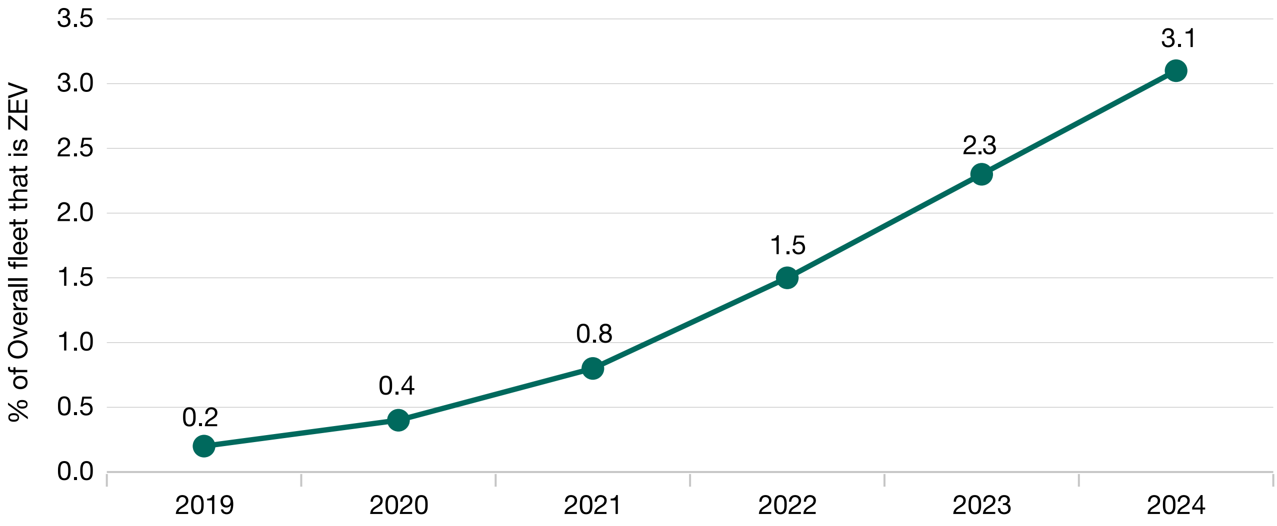
Core Metric 5: Air Quality

This metric has decreased meaningfully from the baseline largely in part due to increased vehicle emissions standards that have dramatically reduced exhaust emissions of PM2.5.

Our infrastructure must also support the natural environment and must adapt to the impacts of climate. 2024 was the hottest year on record globally, at 1.55oC above pre-industrial temperatures. The UK continues to witness an increase in frequency and intensity of extreme weather events due to climate change, which is affecting the ability of the transport network to operate safely and reliably. DfT consulted on a draft Transport Adaptation Strategy in April 2024 to address knowledge gaps and raise ambition across the sector on adaptation through DfT strategic leadership. A final Transport Adaptation Strategy will be published in 2025. Further details are provided in the Sustainability Report.

With over 1.4 million Zero Emission Vehicles (ZEVs) on the roads, 2024 saw ZEVs account for nearly 20% of new car sales—cementing the UK as Europe's largest ZEV market. To support uptake, the Government restored the 2030 phase-out date for new petrol/diesel cars, increased flexibility of the ZEV mandate, and launched consumer protections and incentives—including extended plug-in grants and updated licence rules.

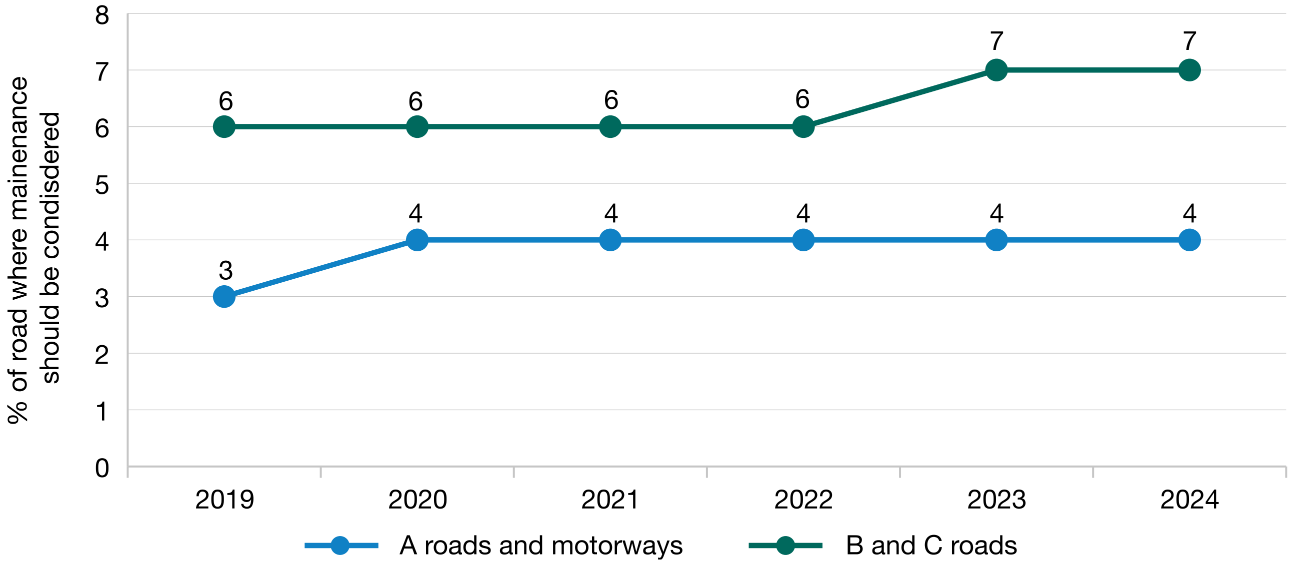
DfT's core metric on the percentage of the UK's overall vehicle fleet that is zero emissions (see core metric 6) illustrates this surge. The metric comprises licensed road- using vehicles at the end of June of each year and includes buses, coaches, cars, HGVs, LGV, motorcycles, and 'other vehicles'.



Core Metric 6: Zero Emission Vehicle (ZEV) Uptake

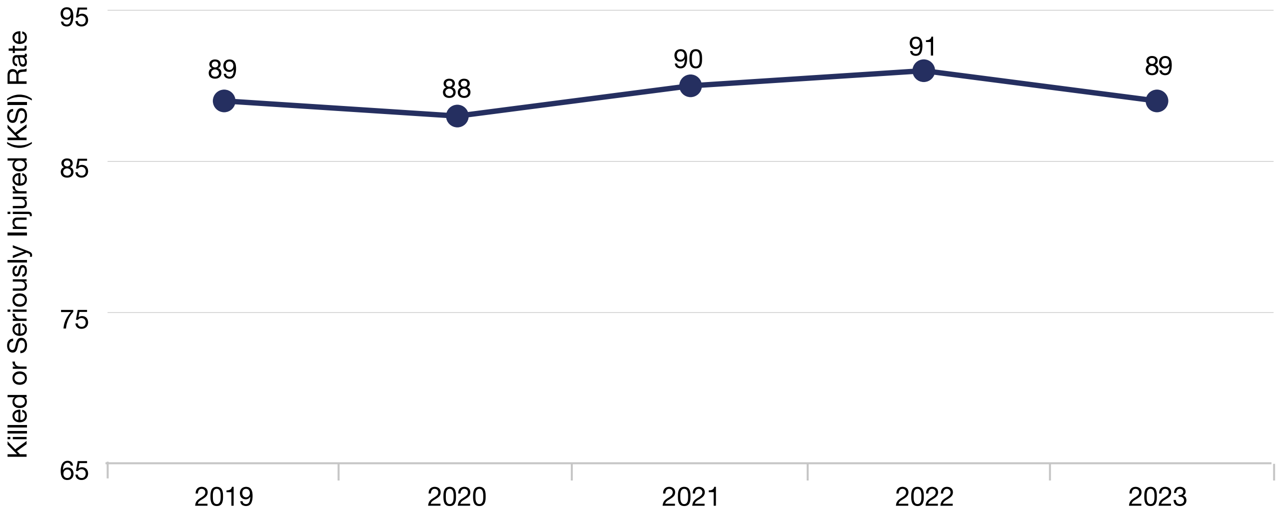
Electric Vehicle (EV) infrastructure surged, with 75,000+ public charge points now installed (up 32% year-on-year) and improved reliability standards. The Government supported local EV access through the Local Electric Vehicle Infrastructure (LEVI) Fund and rapid charging near motorways increased by 53%.

DfT has invested over £1 billion in funding to local highway authorities across England to maintain and improve road surface conditions. This funding aimed to tackle potholes, enhance safety, and ensure smoother journeys for all road users. DfT has committed to improving its oversight of how funding is spent and the impact on road conditions. This ambition is illustrated in our core metric that measures the percentage of road length in England where maintenance should have been considered (see core metric 7). The measure reports separately for i) local A Roads and Motorways, and ii) B and C Roads, and will measure progress against the metric as a measure of our commitment to ensuring that roads across the country are well maintained and therefore safer. The percentage of local A roads and motorways that should have been considered for maintenance has been 4% since 2020. The percentage of B and C road that should have been considered for maintenance had been stable at 6% since 2016 but increased to 7% in 2023 and remained at that level in 2024. The proportion of the network receiving maintenance treatment has been decreasing year on year since 2017, while maintenance expenditure (when adjusted for inflation) has remained stable.



Core Metric 7: Road Surface Conditions

However well-maintained roads alone cannot deliver safer roads for people. DfT is also working to reduce road casualties by investing in safer infrastructure, enhancing data collection through new road condition standards, and supporting local authorities with guidance and funding. DfT is also developing a new Road Safety Strategy aiming to set strategic direction for the country. DfT's core metric on road casualties is calculated through the 'Killed or Serious Injured' (KSI) rate, which is calculated by dividing the total number of people killed or seriously injured in road traffic collisions by billion miles travelled (see core metric 8). The killed or seriously injured (KSI) rate has continued to remain broadly static over the last five years.

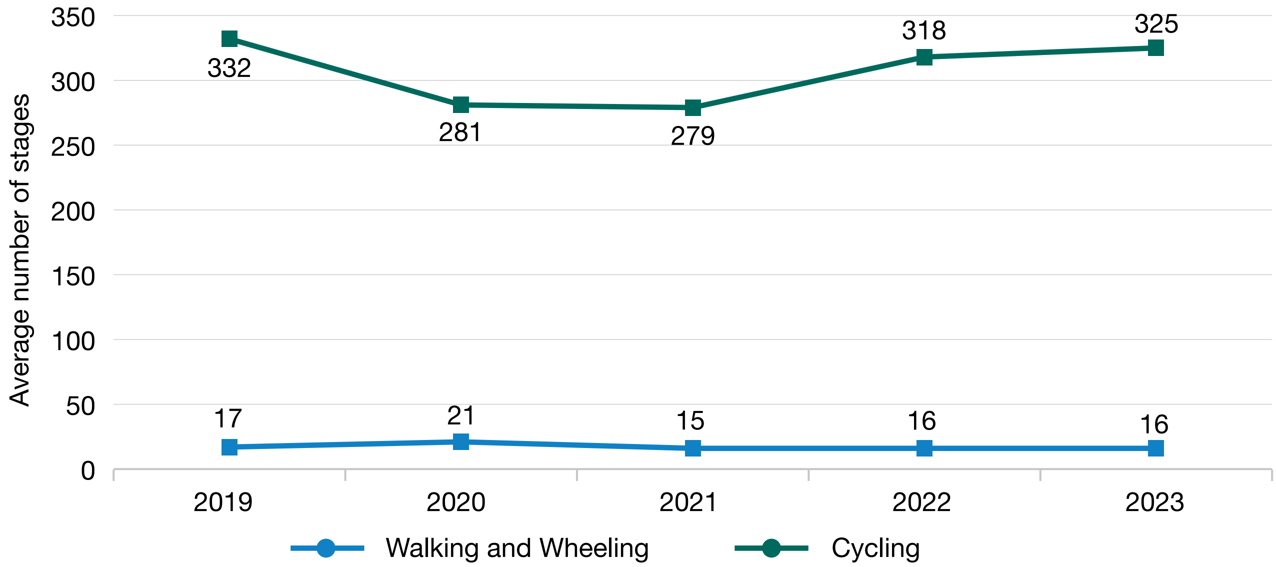


Core Metric 8: Road Casulaties

DfT is also continuing to expand its active travel agenda, aiming to make walking, wheeling, and cycling safer, more accessible, and a natural choice for short journeys.

In February 2025, DfT announced £291 million in investment through the Active Travel Fund, supporting the development of approximately 300 miles of new footpaths and cycle tracks. This is expected to enable 30 million additional active travel journeys annually, including 20 million walk-to-school trips.

DfT's core metric measuring the average number of walking, wheeling and cycling travel 'stages' (i.e. segments of a journey) taken per person, per year (see core metric 9), illustrates our focus on delivering greener, safer and healthier transport options for people. Walking stages have increased over the last three years, which is in line with overall trends in personal travel returning towards pre-pandemic levels. Since 2020, walking has represented a slightly higher share of personal travel than pre-pandemic, and DfT will continue to monitor and assess the effectiveness of its policies when considering the longer-term trend.



Core Metric 9: Walking, Wheeling and Cycling Stages

DfT's approach to achieving its Greener, Safer and Healthier Transport Priority Outcome has clear connections to both of its other Priority Outcomes. For example, major rail connectivity programmes like HS2 also unlock environmental benefits such as carbon reduction. The programme has been designed with climate change adaptation in mind, meaning that HS2 will provide a far lower carbon alternative than road transport.

In delivering our Priority Outcome to improve transport for people, the new fleet on the East Midlands Railway will run using new electric overhead lines; as a result, journeys on the line will have far fewer carbon emissions and will contribute to better environments along the line for passengers.

Areas of work

Key progress made under this Priority Outcome is summarised below.

Low Carbon/Decarbonisation

In 2022, domestic transport accounted for 28% of total domestic emissions in the UK, making transport the UK's largest source of greenhouse gas (GHG) emissions, with 36% of the UK's GHG emissions in 2023 originating from domestic and international journeys. This workstream's aim is to reduce emissions from various modes of transport, including road, rail, maritime and aviation. These activities collectively aim to reduce greenhouse gas emissions, improve air quality, and support the UK's broader net zero ambitions.

Activity	Description	2024-25 – Key Delivery
Accelerating the transition to Electric Vehicles (EVs) and the roll out of charge points	**DfT is delivering the Government's manifesto commitment to accelerate the transition to Electric Vehicles and support buyers of second hand EVs.** Road transport accounts for 89% of domestic transport GHG emissions, with cars alone responsible for 57% of those emissions. The Government has committed to the transition to electric vehicles by accelerating the rollout of charge points, giving certainty to manufacturers by restoring the phase-out date of 2030 for new cars with internal combustion engines, and supporting buyers of second-hand electric cars by standardising the information supplied on the condition of batteries. In 2024, ZEV represented 19.6% of total UK new car sales, up from 16.5% in 2023, making it the largest ZEV market in Europe. The ZEV mandate – which sets a minimum share of new vehicles sold by manufacturers to be zero emission each year – provides certainty for the sector during the transition to ZEVs. For EVs, at year end: • Nearly 382,000 Battery Electric Vehicles (BEV) cars were registered for the first time in 2024, compared to nearly 315,000 in 2023 (over 21% increase). • Nearly 20% BEV share of the new car market in full year 2024 (up from 16.5% in 2023). • Over 22,000 new zero-emission vans sold in 2024, an increase of 3.3% compared to 2023. • Over 6% BEV share of the new van market in 2024. • In February 2025, BEVs represented 25.3% of the UK's new car market, a 41.7% increase in volumes sold compared to February 2024. • The UK's BEV van share of new registrations was 9.7% in February 2025.	• The UK's transition to ZEVs is now well underway, with over 1.4 million ZEVs on UK roads, according to industry. • In November 2024, Public Charge Point Regulations came into force. • In February 2025, DfT announced the extension of the plug-in grant funding for new vans, taxis, motorcycles, and wheelchair-accessible vehicles to March 2026. In addition, DfT also announced further regulatory changes to ZEV driving licence requirements. Standard (category B) licence holders will be able to drive zero-emission vehicles up to 4.25 tonnes. The legislation will remove the additional training requirement, remove the requirement to drive for the purpose of transporting goods, and allow drivers to tow a trailer. These changes will enable more drivers to switch to zero emissions without needing to train and test for a higher licence entitlement.

<table>
<tr><th>Activity</th><th>Description</th><th>2024-25 – Key Delivery</th></tr>
<tr><td></td><td>Public Charge Point Regulations on contactless payments, open charge point data, and reliability came into force in November 2024. This requires operators to achieve an average reliability of 99% across their network of charge points of 50 kW and above, share open data freely, offer contactless payment options across many charge points and give consumers 24-hour access to free helplines. These measures will help consumers get free, up-to-date and reliable information always and enable them to access charge points through a variety of providers and apps, helping to improve their charging experience as the public charging network grows.

Over the past year, through our various grants, DfT has supported the installation of thousands of charges point sockets in homes, workplaces, and schools. DfT has provided guidance for local authorities on EV installation and cross-pavement solutions, confirmed intention to streamline planning rules, and introduced legislation to simplify street works, cutting costs and time. DfT has strengthened collaboration between the transport and energy sectors by publishing our grid connection review to support faster and more efficient charge point deployment.

With regards to the charge point rollout:
• There were over 75,000 charge points at year end, up 32% from the same time last year. This includes over 15,000 50kw or above charging devices, which have increased by 38% over the same period.
• In the 12-month period leading up to 1st March 2025, on average, 50 charging devices were added to the public network per day, and 11 charging devices rated 50kW or above were added to the public network per day on average.
• 20% of public charging devices in the UK were rated at 50kW or above at year-end. This figure increased from 18.8% at the same point in the previous year.</td><td>• In March 2025, 54 planned charging and fuelling infrastructure locations were released across the UK as part of the Zero Emission HGV and Infrastructure Demonstrator (ZEHID) Programme, over 75,000 public EV charging devices are now installed throughout the UK and nearly 40 LEVI Fund projects have been approved to go to delivery, with an expected continued steady stream of local authority procurements over the next year.
• In April 2025 and following consultation on the 2030 phase-out date and the ZEV mandate, DfT confirmed its commitment to phasing out new cars that rely solely on internal combustion engines by 2030, alongside increased flexibility on how vehicle manufacturers meet the ZEV mandate target. This provides certainty to industry and ensures consumers can benefit from cleaner vehicles.</td></tr>
<tr><td>Rapid Charging Fund (RCF) Pilot</td><td>The £70 million Rapid Charging Fund (RCF) Pilot part-funds major grid upgrades at Motorway Service Areas and DfT co-sponsors a £12m project with National Highways to roll out energy storage systems at motorway sites to improve access to power.

The pilot has now concluded without making any grant awards, but this process has been rich in lessons and outcomes, including how much the market has changed. There has been good progress on charging infrastructure roll-out. Future policy to close gaps in provision and future-proof the network in line with demand will be informed by learnings from the RCF Pilot alongside wider market developments.</td><td>• As of January 2025, there were more than 1,100 open-access rapid and ultra-rapid charge points at Motorway Service Areas in England, an increase of over 40% since January 2024.
• In the same time period, over 5,200 open-access rapid and ultra-rapid charge points were within one mile of the SRN, an increase of around 53% since January 2024.</td></tr>
</table>

Activity	Description	2024-25 – Key Delivery
Local Electric Vehicle Infrastructure (LEVI) Fund	The LEVI Fund will deliver a step change in the deployment of local, primarily low-power on-street charging infrastructure across England. This will particularly support residents without access to off-street parking to have better access to EV chargers, as well as grow the charging network across the country.	• As of April 2025, there were more than 76,000 publicly available charging devices in the UK, up 28% since April 2024. • As of March 2025, all 113 local authorities across England are actively engaged with the LEVI Fund through 78 projects. Around half of these projects have been approved to go to delivery, and many tenders are currently live. A expect steady stream of procurements is expected over the next year. • The majority of LEVI funded chargepoints should be installed over the next 2-4 years, depending on when contracts are signed and the individual timelines agreed between local authorities and their supplier(s). DfT expects over 100,000 chargepoints to be installed through LEVI.
Decarbonising the HGV sector	In order to decarbonise the HGV sector, DfT must ensure a reliable and accessible charging and fuelling network, both at sites along motorways, major A-roads and at depots. This network must meet the business needs of hauliers, ensuring resilience across the supply chain. The ZEHID programme, which is up to £200m, will be deploying hundreds of zero-emission battery electric and hydrogen fuel cell HGVs, and their associated infrastructure by March 2026. Data gathered as part of the programme will build an evidence base on which zero emission HGV technology may be better suited for specific use cases and journey types. This data will be used by the sector to inform their own commercial investment decisions, bringing forward the decarbonisation of the sector by up to four years. By the end of March 2025, 300 zero-emission vehicles have been ordered as part of the programme, with 37 having been delivered. 54 planned infrastructure locations have also been announced.	
Live Labs 2 Programme	DfT also continued to support the £30 million Live Labs 2 programme, which is funding various local authorities to trial innovative low-carbon methods of maintaining their local highway networks, and the lessons are being shared with other local highway authorities to help reduce the overall carbon footprint of the sector.	

Activity	Description	2024-25 – Key Delivery
Low Carbon Fuels and the Sustainable Aviation Fuel (SAF) Mandate	**DfT is delivering the Government's manifesto commitment to increase Sustainable Aviation Fuel production.** Low carbon fuels are crucial to decarbonising aviation and maritime. The Government is actively supporting the development and deployment of SAF to decarbonise the aviation sector. This work aims to increase domestic SAF production, promote innovation, and meet the UK's ambitious SAF blending targets for 2025 and beyond.	• In January 2025, DfT established the SAF Mandate, which delivers GHG emission savings by setting a legal obligation on fuel suppliers in the UK to supply an increasing proportion of SAF over time. • DfT also announced an extension of support for SAF producers by investing a further £63 million into the Advanced Fuels Fund.
Zero Emission Buses (ZEBs)	The full transition to ZEBs is a vital part of the Government's plan to make buses better for passengers and to realise the benefits of lower running costs, cleaner air and smoother, quieter journeys. Since 2021, DfT has awarded over £460m of dedicated funding for ZEBs in England (outside London). The Zero Emission Bus Regional Areas (ZEBRA) programme has awarded funding to 41 LTAs to deliver over 2,200 ZEBs and supporting infrastructure. Each zero-emission bus, on average, saves around 46kg of NOx and 67 tonnes of CO2 per year, relative to a diesel equivalent. The transition to ZEBs represents a great opportunity for UK bus manufacturers, both to supply the ZEBs needed here in the UK and to win export orders abroad as other countries upgrade their bus fleets. The Bus Services (No. 2) Bill includes a measure to accelerate decarbonisation of bus services by placing a requirement on bus operators not to use new non-ZEBs on local bus routes in England from a date no earlier than 2030.	• In March 2025, DfT launched the UK's Bus Manufacturing Expert Panel, bringing together industry experts and local leaders to make sure the UK remains a leader in bus manufacturing.

Activity	Description	2024-25 – Key Delivery
Maritime Decarbonisation	The Maritime Decarbonisation Strategy outlines the Government's vision for the future of the maritime sector, setting new domestic decarbonisation goals and key policies to achieve them. The Government's goal is to reduce greenhouse gas emissions from the maritime sector by 30% by 2030, 80% by 2040 (both relative to 2008), and to zero by 2050. This sits alongside our continued leadership to decarbonise the global maritime sector through the International Maritime Organization.	• In March 2025, DfT published its Maritime Decarbonisation Strategy. • In April 2025, DfT was proud to work with other Member States to reach a landmark agreement at the International Maritime Organization on global measures to regulate greenhouse gas emissions from international shipping. DfT are now working towards adoption in October 2025.
UK Shipping Office for Reducing Emissions (UK SHORE)	The UK SHORE programme in DfT provides research and development funding to accelerate the technologies necessary to decarbonise the maritime sector. UK SHORE has funded a suite of interventions aimed at addressing different barriers to maritime decarbonisation, including the Zero Emission Vessels and Infrastructure (ZEVI) scheme, the Clean Maritime Demonstration Competition (CMDC) and the Clean Maritime Research Hub.	• In January 2025, UK SHORE announced the sixth round of the CMDC, which will allocate up to £30 million for pre-deployment trials and feasibility studies in clean maritime solutions. • In March 2025, projects funded through the third and fourth rounds of the CMDC were completed and ZEVI projects completed their DfT funded construction period and will now commence their self-funded demonstration in a fully operational environment for at least three years. • In March 2025, DfT published a report setting out the early outcomes of the evaluation of the UK SHORE programme, which has assessed the processes and impact of the schemes to date.

Activity	Description	2024-25 – Key Delivery
Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)	CORSIA, adopted by the International Civil Aviation Organisation (ICAO) in 2016, remains a key element of the Government's approach to addressing international aviation's CO_2 emissions. DfT held a public consultation on implementing CORSIA in the UK, in partnership with UK Emissions Trading Scheme (UK ETS) Authority. The consultation sought views on draft legislation for CORSIA and options for how CORSIA could interact with the UK ETS on flights in scope of both schemes. Following analysis of the feedback and final policy development, a Government response will be published as soon as possible in 2025. To support the scheme's wider international success, and UK influence on global aviation policy, DfT provided capacity-building assistance to developing countries for their own implementation of CORSIA. This drew on £450,000 funding announced in November 2024 by the Secretary of State and was delivered by the Civil Aviation Authority (CAA). The UK also continues to contribute to technical work to strengthen CORSIA and monitor its progress as an active member of ICAO's Committee on Aviation Environment Protection.	• From December 2024 to February 2025 DfT led a public consultation on implementation of CORSIA in the UK. • In November 2024, the Secretary of State announced £450,000 in funding for support to developing countries on CORSIA and other aviation environment measures.
Airspace Modernisation	**DfT is delivering the Government's manifesto commitment to transform the UK's airspace through Airspace Modernisation.** Airspace Modernisation is a major national programme which will deliver quicker, quieter, and cleaner journeys by air. The Airspace Modernisation Strategy (AMS) outlines how this will be achieved, with DfT principally involved in three areas of work: • The Future Airspace Strategy Implementation (FASI) programme, which aims to improve the efficiency, resilience, and environmental impact of air traffic services at the UK's busiest airports. • Establishing the new UK Airspace Design Service (UKADS), which will deliver holistic airspace design, initially prioritising the complex London region. • Integration, to support all aircraft, including drones and general aviation, to share UK airspace safely in a coordinated and efficient manner.	• In October 2024, DfT published the annual report on the CAA's progress in delivering the AMS, and in July 2024 the CAA published part 3 of the AMS. DfT and the CAA launched a joint consultation on plans for the new UKADS. • In March 2025, a decision to proceed with the UKADS and conduct a review of the airspace change process was announced. • Throughout the year, DfT provided the CAA with over £1 million of funding to develop options for mandating the use of Electronic Conspicuity (technology that enhances situational awareness in airspace by making aircraft and other airspace users digitally visible to each other) for all airspace users.

Improving our Environment

DfT plays a key role in protecting the environment by ensuring that transport policies and investments actively contribute to reducing biodiversity loss, adapting to climate change and lowering transport pollution. Through planning guidance, vehicle emissions standards, and sustainable infrastructure programmes, this workstream works to align the transport network with the UK's wider environment.

Activity	Description	2024-25 – Key Delivery
Biodiversity	DfT and its public bodies are taking action on the transport estate to support national objectives to restore nature. DfT has undertaken consideration of how it can conserve and enhance biodiversity across its functions, as part of the 'biodiversity duty' established by the Environment Act 2021.	• National Highways delivered 1,775 biodiversity units (a way to measure and express the value of natural habitats) in 2024-25, exceeding the annual target of 1,200 and achieving the no-net-loss target for the second Roads Period. • In November, HS2 Ltd published the Environmental Sustainability Progress Report for the 2023-2024 reporting period, which in particular set out positive progress towards the scheme's No Net Loss target.

Activity	Description	2024-25 – Key Delivery
Climate Change Adaptation	The climate of the UK is changing. Weather in recent decades has been more extreme than the 20th century, and projections suggest the UK will experience more frequent and severe weather events even if warming is capped at 1.5 degrees globally. Extreme weather reduces the efficiency of the transport network through damage to infrastructure and delays to journeys. This in turn disrupts economic activity. The OBR estimates that physical damage from climate change could permanently lower GDP by 3-5% compared to a 'no climate change' scenario by 2074. Under the 2008 Climate Change Act, DfT has a legal responsibility to address our transport-related climate risks. This is being achieved through DfT's contribution to the third National Adaptation Programme which included a commitment to consult on a Transport Adaptation Strategy.	• In April 2024, DfT launched a consultation on 'Fit for a changing climate? Adapting the UK's transport system.' A final Transport Adaptation Strategy will be published in 2025. • In December 2024, Network Rail published its fourth adaptation report which summarises its progress towards understanding the potential impacts of climate change on the performance and safety of the rail network, and the actions taken to increase its resilience. • In 2024 National Highways published its fourth adaptation report. It outlines how adaptation to climate change remains a strong business priority for National Highways, with continued efforts to embed climate change into its organisational strategies, funding decisions, and technical standards to work towards a strategic road network in England that is resilient to the impacts of climate change.
Air Quality	Poor air quality poses a significant risk to public health. DfT is committed to cleaning up our air and protecting the public from the harms of pollution. DfT is continuing to make progress in reducing air pollution, with the latest figures for 2023 showing reductions in transport's emissions of NOx (6.5%), PM10 (1.0%), and PM2.5 (1.9%) compared to 2022. This is in line with the longer-term trend, where compared to 2013, 2023 figures were all lower for NOx (43.9%), PM10 (24.5%), and PM2.5 (35.3%). However, DfT recognises there is more to do to improve air quality. The progress made in our transition to ZEVs will continue delivering improvements in air quality from reductions in exhaust emissions.	• Throughout the year, DfT has progressed its four-year research project aimed at better understanding how to measure and control brake and tyre wear emissions, including from ZEVs (which tend to be heavier than Internal Combustion Engine vehicles on average).

Activity	Description	2024-25 – Key Delivery
NO_2 Programme	Road transport was responsible for, on average, 68% of NOx concentrations at the roadside in 2023. DfT in partnership with the Department for Environment, Food and Rural Affairs (Defra) is responsible for the NO2 Programme, which, since it was established in 2017, has provided £576 million to help local authorities to develop and implement measures to address their NO2 exceedances in the shortest possible time and improve the health of their residents.	• In January 2025, Greater Manchester's NO2 reduction plan was approved, aiming to achieve compliance with NO2 limits as quickly as possible, potentially before 2026. • Greater Manchester represents ten local authorities and the final approved clean air quality plan to reduce NO2 exceedances includes an investment package as follows: – £51.1 million towards bus investment, including 40 zero-emission buses, 77 Euro VI standard buses and charging infrastructure. – £5 million for local traffic management measures. – £8 million to support moving Greater Manchester's taxi fleet to cleaner vehicles. – Up to £21.9 million for administration, delivery, monitoring and other associated costs.

Road Safety

DfT holds national responsibility for improving road safety across the UK. This workstream includes setting strategic direction, policy, and funding to reduce fatalities and serious injuries on the road network. This includes overseeing vehicle safety standards, supporting local authorities with data and guidance, and investing in safer infrastructure.

Activity	Description	2024-25 – Key Delivery
Road Safety Strategy	This Government treats road safety seriously and is committed to reducing the numbers of those killed and seriously injured (KSI) on our roads. In 2023, 1,624 people were killed on GB roads. In total, 29,711 people were killed or seriously injured. The Strategy will set out a suite of Road Safety interventions with the aim of increasing the safety of our roads and reducing the number of KSIs. During 2024-25, DfT has been engaging the devolved Governments, local authorities and road safety stakeholders to further understand key road safety issues. Through this ongoing stakeholder engagement and thorough policy development, DfT is gathering valuable insight to publish a clearer and refocused Road Safety Strategy for publication during 2025-26.	• Throughout 2024-25, DfT ministers have reinforced their commitment to publishing a Road Safety Strategy in 2025-26.
Pothole Repairs	**DfT is delivering the Government's manifesto commitment to fix up to an extra million potholes across England in each year of the next parliament.** In 2024-25, DfT invested a total of £1.067 billion of capital funding into local highway authorities in England to enable them to maintain their local highway networks. This area of work came under intense scrutiny in 2024-25 with the publication of the National Audit Office report and thereafter a Public Accounts Committee (PAC) hearing in November and a subsequent report in January 2025. These suggested that DfT needed to improve its understanding of how the funding is spent by local highway authorities and of the impact that it has on the condition of the local road network. DfT will respond to the various PAC recommendations during 2025-26. DfT has also taken steps to improve the data collected by local authorities with regards to road maintenance and has worked with the British Standards Institute to publish a new road condition monitoring data standard, PAS:2161. This will enable local authorities to collect data using a wider range of technologies and to have a better understanding of their networks.	• In September 2024, the new road conditions monitoring data standard was published. • In the Autumn Budget, the Chancellor confirmed a £500 million funding uplift for local highway maintenance for the 2025-26 financial year. • In December 2024, the Secretary of State announced how this funding would be allocated to local highway authorities. • In March 2025, DfT announced the steps local authorities would need to take to unlock the funding uplift in full. This includes a requirement for local authorities to publish reports on how much they are spending on highways maintenance and in how far they are following best practice.

Active Travel

This workstream promotes active travel as a key part of a healthier, more sustainable transport system. DfT is providing targeted investment to local authorities to deliver safe, reliable, accessible and integrated infrastructure for walking, wheeling, and cycling. This supports the ambitions of the Walking, Wheeling and Cycling Investment Strategy, which sets out the Government's long-term vision to make active travel the natural choice for short journeys.

Activity	Description	2024-25 – Key Delivery
Active Travel Fund	The Active Travel Fund delivers investment in walking, wheeling and cycling infrastructure and behaviour change initiatives. Based on analysis of previous investment, it is estimated the fund will lead to 43,000 fewer sick days a year to ease pressure on the NHS and help deliver the Government's Mission of building an NHS fit for the future. By March 2026 all schemes and initiatives will be either in delivery or completed, and in September 2025 DfT will have provided all funding, and most of the capital schemes will have been assured.	• In February 2025, DfT announced £291 million in investment in active travel, covering the 2024/25 and 2025/26 financial years. This will fund approximately 300 miles of brand-new footpaths and cycle tracks which will help encourage 30 million more journeys by bike or on foot every year, including 20 million new walk-to-school journeys.
Walking, Wheeling and Cycling Investment Strategy	DfT's ambition is that walking, wheeling and cycling are the natural choices for shorter journeys or as part of a longer journey. Active travel supports greener, safer and healthier transport, for example, by preventing ill health through increased physical activity and reducing air pollution and carbon emissions. Active Travel England (ATE) was established in 2022 as a DfT executive agency to improve active travel. Since 2022, ATE has invested more than £245m to deliver walking and cycling routes and safer crossings and junctions. 1.6 million people have participated in ATE's training programmes, including 500,000 children receiving cycle training last year. ATE upskills and builds capability in local authorities through guidance, training and supporting scheme development. This improves the quality of active travel infrastructure, including addressing safety risks and concerns, and with ATE expert support, authorities have delivered active travel schemes at more than twice the rate of other small transport schemes.	• In March 2025, a written Ministerial Statement was laid in parliament to set out the Government's plans to publish a third Cycling and Walking Investment Strategy (CWIS3) following the conclusion of the Spending Review. This approach will enable CWIS3 to say more on the long-term funding for active travel. The Government will consult on CWIS3, with relevant stakeholders, ahead of its publication.

Activity	Description	2024-25 – Key Delivery
Micromobility	Through ongoing e-scooter trials, policy development, and engagement with industry stakeholders, DfT is gathering valuable data to inform future regulations and ensure the safe integration of micromobility into the UK's transport network. By fostering innovation and investment in this sector, the Government aims to provide low-carbon, accessible transport options that reduce congestion, improve air quality, and support the transition to a more sustainable urban mobility system.	• In December 2024, the Government announced it would empower local leaders to regulate shared cycle schemes by bringing forward an On-Street Micromobility Regulatory Framework. • In November 2024, the Government invited towns and cities to express an interest in opening an e-scooter trial in their area. • In March 2025, the Government began a second evaluation of the e-scooter trials to continue learning.

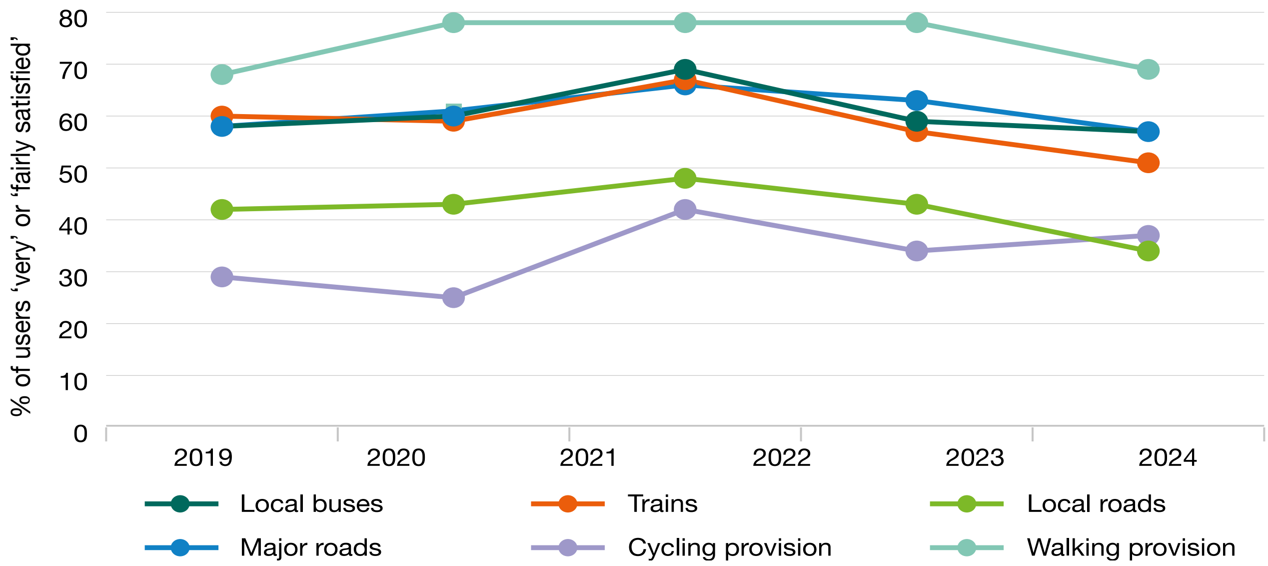
Priority Outcome: Improving Transport for People

Improving the transport system to focus on people's needs, ensuring it is safe, accessible, reliable and integrated, enabling people to access work, essential services and opportunities.

Summary

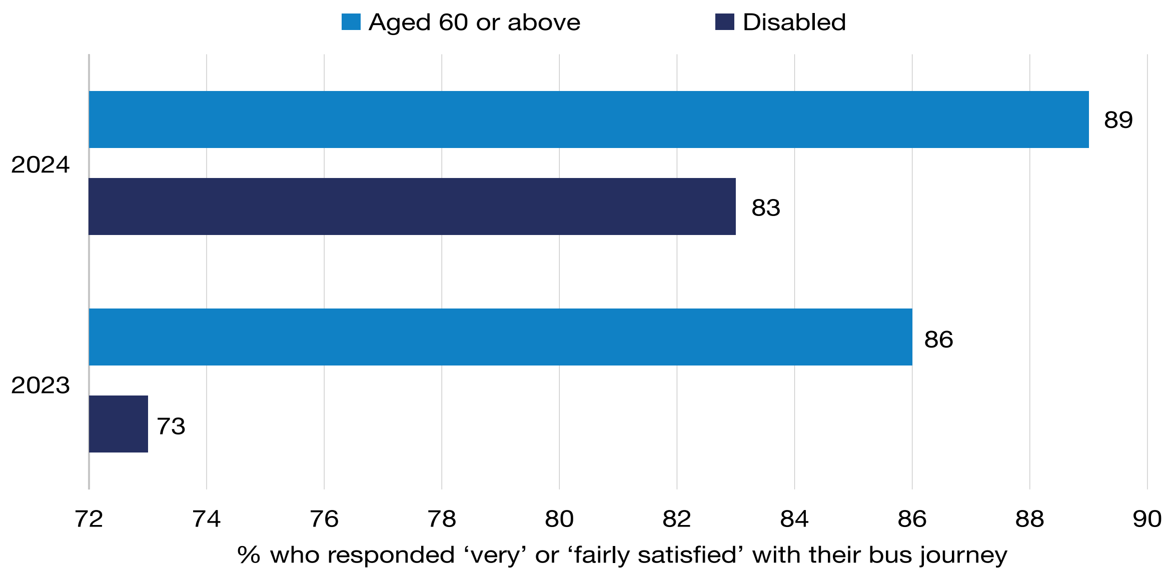
Transport plays a central role in people's daily lives, and in 2024-25 DfT focussed on improving the end-to-end journeys people make, recognising that many involve multiple transport modes. DfT's approach considers how different types of journeys are made and aims to improve connectivity and reliability across the network.

Progress is tracked through user satisfaction data from the National Travel Survey (see core metric 10), which measures how well the transport system is meeting people's needs. Satisfaction levels remained broadly stable for walking, major roads, and local buses compared to the pre-pandemic period. Satisfaction with cycling provision improved, while satisfaction with local roads and trains showed a downward trend.



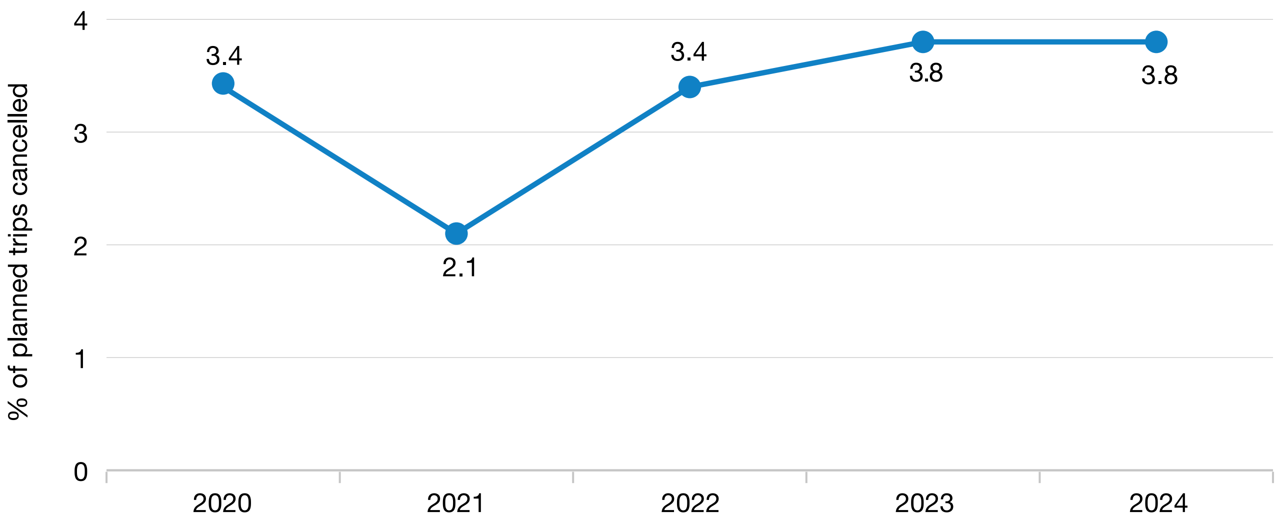
Core Metric 10: Satisfaction with provision, by mode

DfT continued its work to make the transport network more inclusive and accessible, in line with its obligations under the Public Sector Equality Duty (PSED – section 149 of the Equality Act 2010). This includes addressing barriers to access, creating opportunities, and improving experiences for people with a range of needs. One key metric (see core metric 11) measures satisfaction with bus journeys among disabled people and those aged 60 or older, showing a rise in satisfaction between 2023 and 2024.



Core Metric 11: Satisfaction of disabled users

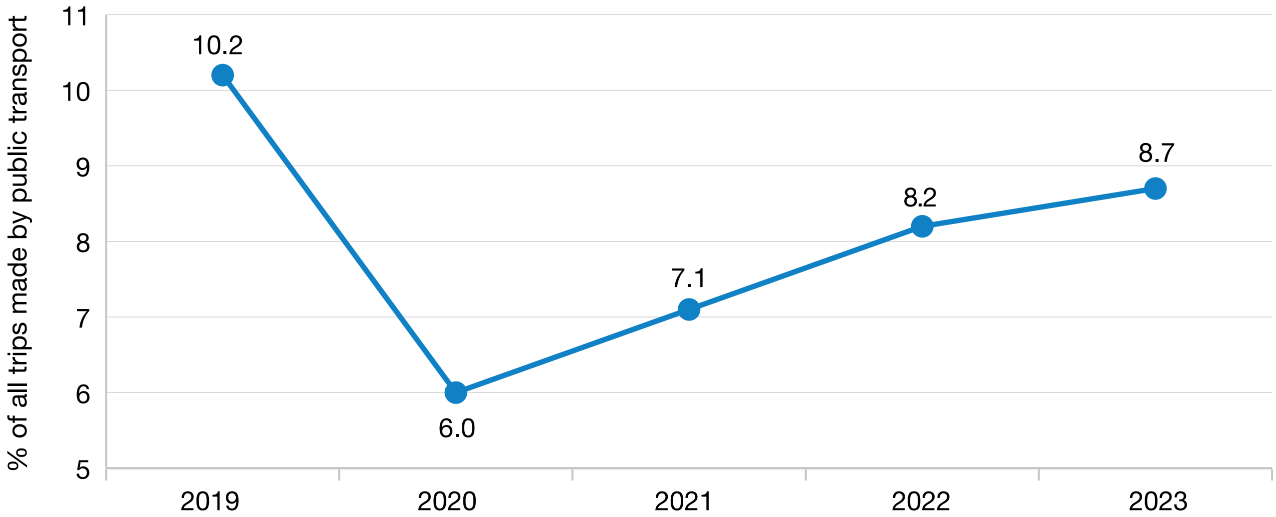
In terms of delivery, rail remained a key area of focus. The East Coast Main Line timetable upgrade was approved for implementation in 2025. Significant progress was also made on the Midland Main Line electrification and the East Coast Digital Programme, supporting long-term improvements in rail reliability and performance. A core metric for DfT, and one most often felt by people on our rail network, is the percentage of planned trains which either did not run their full planned journey or did not call at all of their planned station stops (see core metric 12).



Core Metric 12: Rail Cancellations

So far in 2025, DfT has carried out a Call for Ideas to feed into the Integrated National Transport Strategy which received over 6,000 responses and held 11 Regional Roadshow where insights were gathered from councils, businesses and communities. The outputs from this engagement will be considered in the development of the Strategy. Later in 2025 DfT will publish the Integrated National Transport Strategy, setting a long-term vision for a better-connected, user-focused transport system in England. Developed through extensive engagement, the Strategy will support place-based solutions while promoting national coherence. A key part of this will be integrating rail through the creation of Great British Railways, which will unify track and train under one public body. This system-wide approach will simplify governance, improve value for money, and empower devolved leaders, helping to connect local strategies into a joined-up national network that better meets the needs of passengers, communities, and the economy.

DfT's core metric that measure the percentage of all trips made by public transport is taken directly from the National Travel Survey. The metric (see core metric 13) indicates the level of integration available to people on the transport network. The percentage of trips made by public transport has increased year-on-year following a drop during the pandemic period, however remains below pre-pandemic levels.



Core Metric 13: Public Transport Trips

DfT's approach to achieving its Priority Outcome to improve transport for people has clear connections to both of its other Priority Outcomes. For example, the expansion of Heathrow to include a third runway, a clear driver of growth into the country, will also improve the passenger experience with more connections and fewer delays

Areas of work

Key progress made under this Priority Outcome is summarised below.

Safer Transport

A safe transport system plays a vital role in giving the public the confidence to travel by ensuring their safety and wellbeing throughout their journey. When people feel protected from threats such as crime, antisocial behaviour, or terrorism, they are more likely to use public transport regularly. This workstream acts to deliver a safer transport system that makes it easier for everyone to travel.

Activity	Description	2024-25 – Key Delivery
Automated Vehicles	Following Royal Assent of the Automated Vehicles (AV) Act in 2024, the DfT has been progressing delivery of the Automated Vehicles Act implementation programme. This programme is central to enabling the deployment of safe self-driving vehicles on Great Britain's roads by 2027, providing regulatory certainty for industry and ensuring public confidence in this transformative technology. The AV Act implementation programme is purposefully designed over the next two years to prioritise the development of a regulatory framework that maximises innovation, public safety and strengthens public confidence. In June 2025, DfT launched a Call for Evidence on the Statement of Safety Principles, ensuring safety remains at the heart of our approach. Additionally, DfT launched a Protecting Marketing Terms for Automated Vehicles Consultation to protect consumers and promote transparency. In autumn 2025, DfT will launch the consultation on automated vehicles regulatory framework, covering key aspects such as incident investigation, monetary penalties, and authorisation processes. DfT is aiming to launch a consultation on the Automated Passenger Services permitting scheme in summer 2025. This will provide businesses with the regulatory confidence to invest in testing and deploying these innovative services on our streets, reinforcing the UK's position among the world leaders in tech deployment. It will help facilitate commercial pilots of services with paying passengers and no safety driver to be deployed from spring 2026. DfT remain committed to delivering a world-leading regulatory framework that balances innovation with safety, transparency, and consumer protection.	• In May 2024, the Automated Vehicles Act achieved Royal Assent.
Maritime and Aviation Safety Regimes	In January 2024, DfT established the Cranston Inquiry regarding the tragic events of 24 November 2021, when at least 27 people died attempting to cross the Channel in a small boat. Following the conclusion of the Cranston Inquiry, the relatives of the deceased have previously indicated an intention to bring claims against the Government, under the Human Rights Act (within 3 months of the conclusion of the Inquiry, expected autumn 2025) or personal injury/negligence (3 or 6 year deadline, so may have expired). Total liability is dependent on a number of factors, but potentially between £2-8 million, plus legal costs of both sides.	• In March 2025, hearings concluded, and the inquiry is now reviewing all the information and evidence. DfT will carefully consider the Inquiry's report and recommendations when they are submitted to the Secretary of State.

Activity	Description	2024-25 – Key Delivery
Accident Investigation Branches (AIB)	The Air, Marine and Rail Accident Investigation Branches (Air Accidents Investigation Branch (AAIB), Marine Accident Investigation Branch (MAIB) and Rail Accident Investigation Branch (RAIB)) are stand-alone branches of DfT. The three AIBs fulfil the UK's international obligations to establish permanent bodies to undertake independent investigation of rail, maritime and air accidents. For all three branches, the sole objective of investigating an accident is to determine its circumstances and causes, with the aims of improving safety and avoiding future accidents. It is not their purpose to apportion liability, nor to apportion blame. It is essential that the three AIBs are, and are seen to be, entirely independent, including from their parent department, in carrying out their prime purposes of investigating accidents and making recommendations to improve safety in their respective sectors.	
UK 2nd Generation Search and Rescue (SAR) Aviation	The Maritime and Coastguard Agency's UK Second-Generation Search and Rescue Aviation programme is designed to ensure the continued provision of a world-leading fleet of advanced search and rescue aircraft. This includes the introduction of two new seasonal bases in Scotland and Northern England, a change to the mix of rotary aircraft and an increase in the number of fixed wing and unmanned assets to better serve the UK's operational demand. It is underpinned by the digital 'OneLink' system, which brings together aircraft mission systems and communication and planning software to increase shared situational awareness and use of data to enhance successful mission outcomes.	• In October 2024, a phased transition began and the full transition will be completed by the end of December 2026.

Activity	Description	2024-25 – Key Delivery
Prevention of Violence Against Women and Girls (VAWG)	DfT is collaborating with the Home Office and other government departments to develop a cross-government VAWG Strategy, due to be published in spring 2025. The Bus Services Bill also has a range of measures aimed at improving the personal safety of bus users, including women and girls. These are: • Mandatory training of bus drivers, frontline staff and other relevant bus workers to enable them to identify and respond appropriately to incidents of crime, including VAWG, and anti-social behaviour. • Enabling the Secretary of State to issue statutory guidance about the location, design, construction and maintenance of bus stops and stations to improve safety. • Requiring public service vehicle operators to only allow drivers to drive a 'closed' school service if they have checked the relevant enhanced criminal record certificate of the driver. • Giving all LTAs the power to make bus byelaws to tackle anti-social behaviour, which can be enforced by local authority officers on vehicles and at bus stations and stops. This will enable other authorities to consider introducing Transport Safety Officers on their own networks. DfT works closely with the rail industry to tackle VAWG. This includes the work of the British Transport Police (BTP) who are tackling VAWG on the rail network as a priority. BTP recorded 10% more sexual offences in 2024/25 than 2023/24 (increase from 2,437 to 2,670). This does not necessarily mean an increase in occurrence of these crimes, but that victims may be more willing to report it because of the messaging efforts across the network. BTP undertakes enhanced patrols with a directed, intelligence-led focus around the nighttime economy, providing a high visibility presence to reassure rail staff and the public. They actively encourage members of the public and rail staff to come forward and report incidents to them. DfT continues to support the Government's Mission to deliver safer streets, through work such as the Rail Delivery Group's 'Zero Tolerance' campaign for the railway, which is aimed at educating people about the different types of sexual harassment and encouraging reporting to the BTP or a dedicated anonymous CrimeStoppers line.	• In the summer of 2024, the BTP were successful in getting major phone providers to make the emergency '61016' number free to contact. • In their recently published 2025-27 policing plan, tackling VAWG is a strategic priority for the BTP. • BTP were able to apply two new tools in the prevention of domestic abuse from November 2024, becoming one of four police forces to take part in a year-long government pilot in the use of Domestic Abuse Protection Notices (DAPNs) and Orders (DAPOs). • In February 2025, BTP issued its first DAPO. • As part of DfT's rail operators annual business planning process DfT require rail operators to develop plans by the end of the year to carry out a basic DBS check on all new employees prior to commencing employment.

Accessible

Accessibility is fundamental to creating a transport system that works for everyone. When transport is accessible, it enables people to reach jobs, education, healthcare, and social opportunities—empowering greater independence, equality, and inclusion. For disabled people, older adults, and those with reduced mobility, accessible infrastructure and services are not just conveniences; they are essential for full participation in daily life. By prioritising accessibility, the transport system becomes more user-friendly, equitable, and responsive to the diverse needs of all passengers, helping to unlock wider social and economic benefits.

Activity	Description	2024-25 – Key Delivery
Tackling the high cost of motor insurance	The cross-government motor insurance taskforce is comprised of ministers from relevant government departments, the Financial Conduct Authority and Competition and Markets Authority. It is supported by a separate stakeholder panel of industry experts representing the insurance, motor, and consumer sector. The taskforce has a strategic remit to set the direction for Government policy, identifying short- and long-term actions for departments that may contribute to stabilising or reducing premiums while maintaining appropriate levels of cover. It is looking at the increased insurance costs on consumers and the insurance industry, including how this impacts different demographics, geographies, and communities. The taskforce is continuing its work into the 2025-26 financial year.	• In October 2024, DfT launched the cross-government motor insurance taskforce in partnership with HMT.

Activity	Description	2024-25 – Key Delivery
Cross Modal Accessibility	DfT is committed to cross modal accessibility and delivering a transport network which allows disabled people and those with restricted mobility, to be able to travel easily and confidently, with dignity and without extra cost. This is done through delivering and steering DfT's compliance with the PSED and Equality Act 2010 and is reflected in our current programme of work across the transport system, such as challenging inaccessibility by using the Bus Services (No. 2) Bill to incorporate provisions which will require all relevant operator staff to complete both disability awareness and assistance training and requiring local authorities to pay regard to new statutory guidance on the safety and accessibility of bus stopping places.	• In November 2024, the Aviation Accessibility Task and Finish Group, chaired by Baroness Tanni Grey-Thompson, was created. The Group brings together industry and consumer representatives to identify practical and achievable actions to improve aviation accessibility. • Throughout the year, DfT has continued the implementation of the Public Service Vehicle (Accessible Information) Regulations 2023, which require the provision of audible and visible route and location announcements on board local services. This includes steps to support small operators through a £4.65 million Accessible Information Grant and work to facilitate greater compliance in the rail replacement coach sector through tech innovation funding.
Access for All	The Access for All programme was launched in 2006 to address the issues faced by disabled passengers and passengers facing mobility restraints (such as heavy luggage or pushchairs) when using railway stations in Great Britain. The programme delivers an obstacle free, accessible route from the station entrance to all platforms. This generally includes providing lifts or ramps, as well as associated works and refurbishment along the route.	• The programme has delivered step free access upgrades at 25 stations in 2024-25, with more than 260 since 2006.
Tactile edge programme	Network Rail has completed a £75 million programme to ensure that by the end of 2025, all mainline station platforms in Britain have tactile edges for the safety of blind and partially sighted passengers.	• By year end. 86 platform edge tactiles had been installed totalling 822 stations across Britain since the programme began. • Tactiles will be delivered at a final six stations across Britain as part of other fully funded projects by the end of 2025.

Reliable

This workstream drives a wide range of initiatives to improve performance and reliability on the railways. DfT is supporting significant investments in renewing and upgrading the network to improve transport for people. Major renewal investment included in this workstream are enhancing capacity, reducing journey times, and cutting carbon emissions, as well as modernising signalling on key routes and improving safety and reliability. This workstream also works on investing in better infrastructure across the region, helping to build a transport system that is reliable.

Activity	Description	2024-25 – Key Delivery
Improving performance on the railways	Operational performance, especially in cancellations, has been deteriorating over the past decade. DfT's objectives are to stop this deterioration and stabilise and then improve performance to acceptable levels. In response to DfT ministers' challenge to improve performance, the rail industry has set out a Performance Restoration Framework, with five clear areas of focus to recover performance to appropriate levels. These focus areas will take some time to have an effect and are as follows: • The resilience of the timetable. • Resources needed to operate reliably (staff and rolling stock). • Infrastructure. • Trespass. • How to keep trains safely moving during disruptive events. The Rail Minister is meeting with managing directors of train operating companies and their Network Rail counterparts to discuss performance and hold the industry to account. To improve visibility to passengers, DfT asked operators to make station-specific performance information available to passengers at stations. The new performance measures are more passenger centric as they are measures of performance at stations, which is what the passenger experiences.	• In September 2024, DfT developed a new, station-specific reliability metrics so for the first time, passengers can see how the railway is performing for them. • In March 2024, DfT ushered in a new era of transparency and accountability with performance information clearly displayed on digital screens at stations wherever possible. All stations should also display clear links directing passengers to information online where suitable screens were not available. This new information allows passengers to see reliability and punctuality at a local level and understand what is being done to improve railway performance on the routes they travel on every day. • In September 2024, ministers ended a long period of disruption and reduced train cancellations by agreeing a pay deal with train drivers. • Between December 2024 and April 2025, DfT carried out a programme of deep dives into train operator resource planning to identify further train crew risks and appropriate mitigations.

Activity	Description	2024-25 – Key Delivery
Control Period 7 (CP7)	Network Rail has now concluded the first year of CP7 which is being delivered over a five-year period according to agreed funding and objectives for Network Rail's operations, maintenance, and renewal of its infrastructure. Network Rail is on track to deliver its planned maintenance and renewals volumes, alongside planned efficiency savings of £325 million this year. Network Rail continues to be impacted by the effect of recent levels of inflation. It is developing climate adaptation strategies to help defend against more frequent extreme weather events due to a changing climate. Network Rail is not currently meeting industry passenger performance targets and is drawing down on risk funding to pay schedule 8 compensation payments to train operators. Improving performance remains a priority for the whole system, and work is underway at the ORR to review performance measures for the last three years of the control period (2025-6 to 2028-9). Metrics have been aligned across industry, and ORR will publish new targets at the end of the year. CP7 passenger train performance reset: consultation on performance measures for 2026 to 2029 | Office of Rail and Road.	• The planned efficiency target for 2024-25 was £263 million. Network Rail has exceeded this target by £62 million, resulting in a total of £325 million in reported efficiencies.
East Coast Mainline (ECML)	The rail industry has been developing plans to amend services on the ECML since 2019 and an agreement is now in place to implement a new timetable which will provide more capacity with extra intercity trains to Newcastle. The timetable change will provide more capacity with extra intercity trains to Newcastle. Passengers will further benefit from quicker journeys between London, the northeast and Edinburgh to make sure the service better reflects the journeys passengers make whilst significantly reducing the burden on taxpayers. Beyond the infrastructure upgrades already delivered to support the introduction of the route's major timetable change, DfT also continues to invest in enhancements across the ECML, with significant progress having been made over the past 12 months on the delivery of a package of upgrades at Darlington Station, which are due to be completed in December 2025.	• In December 2024, the Secretary of State, and the Rail Minister have agreed to the delivery of the East Coast Upgrade Timetable by December 2025. This decision followed a review undertaken by a special industry task force.

Activity	Description	2024-25 – Key Delivery
Midland Main Line (MML)	New class 810 bi-mode trains are planned to be introduced on the MML later in 2025 following the completion of infrastructure works to enable these trains to operate using electric traction between London and Wigston (south of Leicester). The introduction of the new trains will provide more capacity and a better ambience for passengers as well as being greener and more reliable. The Midland Main Line Electrification (MMLE) programme is in development and comprises the electrification of the remainder of the route to Nottingham and Sheffield via Derby. As a rolling programme of electrification, MMLE aims to realise significant efficiencies to reduce the unit cost of electrification and provide an affordable template for future electrification programmes. The benefits of electrification are dominated by environmental benefits, both carbon reduction and improvements in local air quality. As electric rolling stock is cheaper to run than diesel, MMLE would also help to improve the financial sustainability of the railway.	• In March 2025, the extension of electrification from Kettering to Wigston was completed. Enhancements to existing Overhead Line Equipment south of Bedford, to enable trains to run at up to 125mph, have progressed well and are due to be complete by August 2025.
European Train Control System (ETCS)	The ETCS, also known as Digital Signalling, is replacing 'conventional' colour light signaling in England and Wales. The pathfinder scheme for this rollout is the East Coast Digital Programme (ECDP), which is the first implementation on a mixed-use (i.e. passenger and freight train) GB mainline. ECDP analysis shows the whole-life carbon footprint of ETCS signaling on ECML(S) is circa 40% less than that of conventional signaling, due to the reduction in the volume of trackside infrastructure required. Over a 60-year period, the total CO2 saving is projected to be 55k tonnes. Digital signaling will also provide safety benefits as the technology helps to prevent overspeeding train services and reduces the need for workers to be on the tracks. During 2024-25, the programme (partnership of organisations across track and train) has made good progress towards completion in the early 2030s. Full ETCS operations on Northern City Line (NCL), including the removing of conventional colour light signals commenced in May 2025.	• Nearly all services on the NCL have been running on the ETCS since December 2024.

Activity	Description	2024-25 – Key Delivery
North-East Programme	As part of our North-East Programme, DfT is also continuing to develop proposals for a range of rail infrastructure enhancements in and around Leeds Station and across the West Yorkshire region, with the aim of increasing capacity and improving performance, reliability and passenger experience. As part of this, elsewhere in the North-East, the £362m phased replacement of the Tyne & Wear Metro fleet is underway with new trains now in service. The rollout will continue throughout 2025 and into 2026.	• This year, £35 million has been provided to deliver a new platform and improved track capacity at Bradford Forster Square station (opening in May 2025), in support of Bradford's 2025 'City of Culture' status. • Also, platform extension works have been completed at Burley-in-Wharfedale, Guiseley, Menston, Shipley, and Apperley Bridge as part of an ongoing £32.4 million scheme to increase capacity on the rail network around Leeds, allowing longer trains to be rolled out from 2028. • A further £55 million of funding was secured in October 2024 to acquire new operational accommodation for train and station staff at the Princes Exchange building adjacent to Leeds Station and to begin strengthening works outside the station in Princes Square, to de-risk future construction projects.

Integrated

This workstream features DfT's work to deliver a more integrated and user-friendly transport system that connects people and places efficiently across all modes of transport. Central to this drive is DfT's work to deliver on the Government's commitment to rail reform and new strategies for a longer-term vision of better aligning road, rail, bus, and active travel networks, ensuring that services are planned together and support seamless end-to-end travel for passengers and freight alike.

Activity	Description	2024-25 – Key Delivery
Integrated National Transport Strategy (INTS)	**DfT is deliveirng the Government's manifesto commitment to publish an Integrated National Transport Strategy.** In 2025, DfT will publish the INTS. This will set the long-term vision for transport in England, focusing on how transport should be designed, built and operated to better serve the people who use it – addressing the fragmentation and inefficiencies of transport services which have led to poorer transport for people in recent years. The Strategy will reflect transport's key role in supporting economic growth and breaking down barriers to opportunity, enabling the efficient movement of goods and services and access to jobs, education, healthcare, housing and other public services. It will also recognise that different places face different transport challenges and enable local leaders to get on and deliver good transport that is right for their communities. To achieve this, DfT is developing the INTS through open engagement and collaboration with the transport sector and public.	• Up until February 2025, DfT carried out a Call for Ideas which received over 6,000 responses from the public, people who work in transport, and organisations. • By March 2025, DfT held 11 Regional Roadshow where insights were gathered from councils, businesses and communities. The outputs from this engagement will be considered in the development of the Strategy.

Activity	Description	2024-25 – Key Delivery
Establishing Great British Railways (GBR)	**DfT is delivering the Government's manifesto commitment to establish Great British Railways and deliver wider sector transformation including the Passenger Standards Authority.** The Government will overhaul Britain's railways, putting passengers at the heart of the service by reforming the railways and bringing them back into public ownership. Great British Railways will deliver a unified system that focuses on reliable, affordable, high-quality, and efficient services, along with ensuring safety and accessibility. It will be responsible for investment, day-to-day operational delivery and innovations and improvements for passengers, working with publicly owned rail operators in Wales and Scotland. Mayors will have a role in designing the services in their areas. There will be a duty to promote and grow the use of rail freight. The Government will also create a tough new passenger watchdog, focused on driving up standards.	• In July 2024, the Kings Speech set out that legislation was to be introduced in the first Parliamentary session to deliver a once-in-a-generation overhaul of the fundamental rules, structures, and bodies that make up the rail industry via the Railways Bill. • In September 2024, and further advancing the reform, the Secretary of State announced the formation of Shadow Great British Railways, marking a significant step toward implementing GBR and prioritising passengers on the railway system. • From February to April 2025, a public consultation on measures to be included in the Railways Bill ran. The Government's response is currently being prepared ahead of introducing the Bill.
Bringing Train Operating Companies (TOCs) back into public ownership	**DfT is delivering the Government's manifesto commitment to Bring passenger services run by private sector Train Operating Companies (TOCs) into public ownership.** As part of our wider sector transformation, DfT is bringing passenger services run by private sector TOCs back into public ownership. DfT is doing this as contracts with existing operators expire or are broken through a failure to deliver, without costing taxpayers in compensation.	• In November 2024, the Passenger Railways Services (Public Ownership) Bill received Royal Assent. • In May 2025, South Western Railway (SWR) became publicly owned and managed by DfT Operator LTD (DFTO), in July 2025, Trenitalia c2c Limited (c2c) transfers to public ownership and will be managed by DFTO.

Activity	Description	2024-25 – Key Delivery
Rail ticket sales	DfT is improving the rail passenger experience by implementing fares that are easier to understand. This aligns with the Government's agenda for rail reform, supporting a better integrated, publicly owned railway and encouraging more people to choose public transport.	• In autumn 2024, the London North Eastern Railway 'Simpler Fares' trial was expanded to include more routes and stations. This trial helps to smooth out demand and reduce crowding, making travel more comfortable for passengers while providing an easier choice of fares with greater flexibility.
Pay-As-You-Go (PAYG) Roll Out	PAYG seeks to simplify the experience for passengers, offering convenience and the potential for integrated multi-modal travel, with a simplified fares offer to support PAYG travel. This should help to improve confidence in the fares that passengers are charged, encourage a shift to digital channels and increase rail patronage. This ensures that passengers can access a simplified fare offering and pay the best price for their journey. DfT have also announced a PAYG pilot in the West Midlands for 75 stations, enabling passengers in the region to access an integrated, multi-modal PAYG offer for the first time. In addition, 17 stations will be upgraded to support PAYG with contactless payment in Greater Manchester.	• At year end, PAYG had been rolled out to 47 more stations around London and the Southeast, using contactless bankcard technology, with 49 further stations planned for later this year. • In November 2024 and January 2025, for West Midlands and Greater Manchester respectively, full Business Cases for the PAYG pilots were approved, allowing these schemes to move into mobilisation. • Throughout the year, DfT progressed workstreams to better enable contactless bankcard on rail outside of London and to create a central PAYG back-office system to support these new schemes. • In February 2025, DfT announced the start of the procurement process for Digital PAYG trials in the North and Midlands later in 2025. • At year end, DfT updated its smartcard (Integrated Transport Smartcard Organisation (ITSO) 2.15)) standards, with an aim to enable use of ITSO on all mobile devices.

Strategic Enabler: Safety, Security & Resilience

Transport connects people and places, enabling increased prosperity and quality of life. It is therefore vital that the transport network remains safe, secure and resilient. DfT works with industry, international partners, and the rest of government to mitigate against a wide range of current and future risks and threats – bolstering the UK's national security foundation.

Summary

Our safety, security and resilience strategic enabler makes sure DfT stays firmly focused on protecting the people who use the UK's transport system, alongside the goods and supply chains that also depend on its safety, security and resilience. This is central to the work of everyone in DfT, its delivery partners, and the transport sector, underpinning everything DfT does.

Areas of work

Key progress made under this Strategic Enabler is summarised below.

Integrated

Activity	Description	2024-25 – Key Delivery
Transport Safety	Transport should be safe and accessible to all users. Through taking a 'whole transport system' view of safety, DfT aims to: • Reduce the number of deaths and serious injuries for all road users caused by road traffic accidents. • Maintain the UK's existing high safety standards for aviation, maritime and rail. • Make the necessary regulatory and other steps needed to allow new transport technologies (such as autonomous vehicles and micro- mobility) to be used safely. DfT has considered how safety is approached, governed and managed across the transport sector by undertaking a review of current practices across different modes of transport. DfT will now focus on implementing the recommendations identified by the Transport Safety review, including improving how lessons are learnt and shared across modes and how cross-cutting safety issues are identified, managed and resolved.	• In December 2024 DfT reformed the State Safety Board to improve its aviation safety effectiveness. DfT also finalised our new State-level State Safety Programme which sets our oversight of all UK Aviation Authorities with publication due in the first quarter of 2025-26. DfT also continued to provide oversight and support to the UK Overseas Territories on their aviation safety, ensuring compliance with International Civil Aviation Organisation (ICAO) standards. • In March 2025, National Highways successfully completed its work to construct over 150 additional emergency areas across all lane-running motorways. • At year end, National Highways had also delivered all its actions in response to the March 2020 Smart motorway safety evidence stocktake and action plan.

Activity	Description	2024-25 – Key Delivery
Transport Security	Risks to the transport sector are evolving, encompassing long-standing threats such as terrorism and serious organised crime, alongside emerging risks from cyber-attacks, rapid technological change, geopolitical tensions, and climate change. DfT plays a central role in the UK's national security system and supports the National Security Foundation of the Government's Plan for Change. It works in partnership with industry, international bodies, and other Government departments to identify threats and deliver proportionate mitigations that protect the transport system and the travelling public. DfT's approach includes the use of legislation, regulation, and industry guidance, as well as sharing best practice. It collaborates with transport infrastructure owners and operators to ensure security measures deliver appropriate outcomes and are responsive to global events. DfT also supports international capacity-building, particularly in the aviation and maritime sectors, to reduce risks to UK nationals and goods travelling abroad.	Throughout the year, DfT: • Delivered security compliance regimes, for rail networks, ports facilities and with the CAA for aviation. • Delivered security compliance regimes across rail networks, port facilities, and in collaboration with the CAA for aviation. • Provided targeted security advice to the UK aviation and maritime sectors, including UK and Red Ensign Group shipping, in response to threats in the Red Sea, Eastern Mediterranean, and Black Sea. Supported cross-government efforts to uphold Freedom of Navigation. • Maintained the UK's aviation security through the continued roll-out of next-generation security checkpoints, introducing advanced screening technologies to detect and deter threats. • Engaged regularly across all four transport modes on cyber security regulation and compliance. This included supporting the expansion of cyber regulations and providing crisis support in response to increased cyber-attack activity affecting the transport sector.

Activity	Description	2024-25 – Key Delivery
Transport Resilience	DfT maintains an established crisis management and resilience function to enable effective mitigation, preparation, response and recovery from emergencies and disruption to the transport network. In 2024, this work has been enhanced by the establishment of a new Transport Resilience Division to co-ordinate work across the DfT and with the sector to improve the resilience of the transport system to a wide range of risks now and in the future. It achieves this through detailed risk assessment and planning (including for the most impactful risks); exercising and planning for transport elements of major national events; and driving a coordinated effort to strengthen transport capabilities to reduce the impact of incidents that do occur – and to prevent them wherever possible. DfT monitors for any near-term events that may impact the UK's transport network and passengers, makes sure DfT has the capability to respond, and responds to acute national emergencies. DfT achieve this through preparing crisis response activity across DfT, developing clear situational awareness in an emergency and representing transport interests in government crisis management structures, including for meetings such as those in Cabinet Office Briefing Rooms (COBR).	• Throughout the year, DfT continued to enhance capability to enforce the UK's transport sanctions and support enforcement activity in the Crown Dependencies and Overseas Territories. This has included supporting the UK's further sanction measures against Russia, Belarus and Iran. • DfT also responded to several incidents, including storms Darragh and Éowyn, the Crowdstrike and e-Gate outage incidents affecting the aviation industry, and the recent North Sea maritime vessel collision.

Strategic Enabler: Science, Innovation, Technology & Data

Science underpins policy and decision-making, innovation creates new solutions to key challenges, technology offers opportunities to transform the transport system and data is the lifeblood that provides the insights to design a better future. Together, they are essential to DfT and the transport sector to deliver goals of a green, safe, inclusive and efficient transport system which are critical to supporting productivity and growth.

Summary

Science, Technology, Innovation and Data as a Strategic Enabler was established in 2024 and builds on the previous 'Science and Technology' Strategic Enabler, in addition to all the embedded work that has been done for many years ensuring that science, engineering, innovation, technology and data feed into policy making and delivery across DfT's work.

Areas of work

Key progress made under this Strategic Enabler is summarised below.

Activity	Description	2024-25 – Key Delivery
Research and Development (R&D) Portfolio	The R&D portfolio continues to support emerging technologies and innovation, along with critical business research, analysis, and revaluation to support departmental policy and decision-making. This includes research into the public perceptions of autonomous and connected vehicles. A significant proportion of the portfolio in 2024-25 supported programmes that deliver specific, time-critical pull-through of technology and innovation at scale to support transport decarbonisation. The Transport Research and Innovation Grants (TRIG) programme is DfT's flagship innovation programme. During 2024-25, 32 projects were funded, including: • Streetwise Technology LTD: Creating dynamic pedestrian zones to improve road safety and accessibility. • Vox Aeris: Using sound waves to reduce particulate matter pollution in underground transport hubs. • SYSTRA Ltd: Addressing Road Accidents through novel application of artificial intelligence. • University of Nottingham: Developing a green, less toxic and more sustainable, carbon-reducing microalgae binder.	• Throughout the year, £1.4 million in grant support was awarded into the Transport Research and Innovation Grants Programme.
Transport Research and Innovation Board (TRIB)	TRIB's aim is to accelerate the development, assessment and adoption of impactful research and innovation within the transport sector. The Board brings together the key public funders of transport R&D and takes a cross sectoral co-ordinated approach to address challenges that no-one organisation can do on its own.	• Throughout the year, the TRIB supported initiatives which have driven the adoption of Calcined Clay Concrete, a low carbon material, within the industry, provided guidance on how to use the powers in the New Procurement Act to support the development and adoption of innovation, and shared best practices relating to a range of topics including AI, Telecommunications, Connected Autonomous Plant, Monitoring & Evaluation etc.
Decarbonised, Adaptable and Resilient Transport Infrastructure (DARe) Research Hub	The Research Hub for DARe was launched in September 2023 and is providing at least £10 million of funding until 2027 and aims to leverage a further £10 million of industry funding to deliver co-created research that plots viable pathways and solutions for delivering a resilient, net-zero transport system that works for people and communities.	

Strategic Enabler: International

In an increasingly interconnected but uncertain world, with a rapidly changing geopolitical landscape, domestic and international policies are now inextricably intertwined, with global events directly impacting on delivery of our domestic transport objectives. It is therefore essential for the UK to engage confidently in the international system to deliver a safe, resilient and sustainable transport for the benefit of passengers and UK businesses.

Summary

DfT has a significant international policy role in government, namely, to maintain the safety, security, and resilience of our transport systems, to ensure international connectivity and to leverage opportunities to benefit UK trade and investment interests. The transport sector is vital to the UK and global economy, facilitating trade, connecting people and resources and, by doing so enabling economic growth. DfT is navigating an increasingly volatile geopolitical environment.

Areas of work

Key progress made under this Strategic Enabler is summarised below.

Activity	Description	2024-25 – Key Delivery
International Engagement	Following the General Election, the DfT ministerial team has engaged with several international counterparts, reflecting the global nature of transport and the shared challenges DfT face. Ministers have held introductory phone calls and met with delegations from several countries, including Canada, the United States of America, Qatar, Saudi Arabia, Spain, Greece and Germany. DfT has continued to build on its strong relationship with the United Nations Economic Commission for Europe's (UNECE) Inland Transport Committee (ITC). The UK holds a position on the Bureau of the ITC and has proactively engaged with the Bureau throughout 2024-25, allowing the UK to influence the direction of the ITC and its various programmes. DfT engaged positively and proactively with the International Transport Forum (ITF) throughout 2024-25, engaging on issues covering resilience, decarbonisation and support for Ukraine.	• In April 2024, DfT's Secretary of State visited Milan, Italy, for a meeting of G7 Transport Ministers under the Italian Presidency. The meeting focused on resilience and maritime issues, with discussion on issues such as AI, growing geopolitical tensions, climate change and the impact of cyber-attacks. DfT negotiated on a Ministerial Declaration which was agreed by ministers in Milan, setting out a G7 vision for the future of transport and global maritime connectivity. • In May 2024, a DfT delegation of senior officials represented the UK at the ITF Annual Summit in Leipzig. DfT hosted a stand at the summit focused on SAFs and Flight 100, the first 100% sustainable aviation-fuelled commercial transatlantic flight. The UK also hosted a summit side event with one of ITF's corporate partners, the UK company Mott MacDonald, on building nature-rich, climate-resilient transport networks. • In February 2025, a senior DfT delegation attended the 87th ITC Annual Session in Geneva. The Parliamentary Under Secretary of State for Aviation, Maritime and Security delivered a speech, communicating the UK's vision for delivering greener inland transport to an international audience.

Activity	Description	2024-25 – Key Delivery
Ukraine Recovery and Reconstruction	DfT continues to leverage UK public and private sector expertise to support the recovery and reconstruction of Ukraine's transport sector while creating opportunities for UK businesses in Ukraine as part of the Government's Growth Mission. The UK's commitment to deepening transport collaboration with Ukraine was included in the UK and Ukraine 100 Year Partnership to deepen security ties and strengthen partnership, signed by the Prime Minister and President Zelenskyy in January 2025. Throughout 2024-25, DfT has worked closely with Ukrainian counterparts, the Foreign, Commonwealth and Development Office (FCDO), the Department for Business and Trade (DBT), and industry partners to deliver a series of projects.	• DfT has coordinated a network of approximately 170 businesses committed to supporting Ukraine's transport reconstruction, regularly sharing opportunities to work in Ukraine. • Following the signing of a memorandum of understanding (MoU) between the Secretary of State and the Mayor of Kharkiv, DfT contracted a UK business to deliver a transport strategy to underpin reconstruction master planning. • Lviv Transport Hub Scoping Project: DfT has funded a consortium of UK-Japanese businesses to undertake a scoping study for a new railway hub in Lviv, in Western Ukraine. The proposed hub would improve regional, national and intercity connectivity, integrating key infrastructure such as new hospitals and healthcare facilities. • 3rd ITF High-Level Dialogue on Ukraine: The UK Ambassador to Ukraine attended this event in Kyiv. This was the latest in a series of ITF events, focused on support to rebuild and integrate Ukraine's transport networks in the future. • In addition to coordinating a free onwards travel scheme, DfT has worked with Driving and Vehicle Licensing Agency (DVLA) to ensure Ukrainians can continue to use their Ukrainian-plated vehicles and driving licences while temporarily in the UK to flee Russia's aggression.

Activity	Description	2024-25 – Key Delivery
International Maritime Organization (IMO)	The UK has continued to pursue and defend its interests at the IMO. In an increasingly volatile geopolitical landscape, it has advocated for safer, more secure and more sustainable shipping whilst championing the effective governance of the organisation and its role within the UN system. The UK continues proudly to fulfil its responsibilities as host government of the IMO. Following several years of challenging negotiations, IMO Member States approved new GHG reduction measures for international shipping in April 2025 which will mark a significant step forward towards net zero for the global maritime sector once these measures are adopted later this year. The UK played a significant role in securing this landmark agreement, which is the first in the world to combine mandatory emissions limits and GHG pricing across an entire industry sector. The UK has contributed actively at the IMO to initiatives intended to tackle the shadow fleet (a covert or unofficial group of ships, often used to evade sanctions, obscure ownership, or conduct illicit trade outside regular regulatory oversight).	• In April 2025, the IMO's 83rd Marine Environment Protection Committee (MEPC 83) approved global GHG reduction measures for international shipping that will put the global maritime sector on a path to net zero. A new emission control area in the North East Atlantic Ocean was also approved which will reduce harmful emissions in the territorial seas and Exclusive Economic Zones (EEZ) of Greenland, France, Iceland, Ireland, Portugal, Spain, the UK and the Faroes. • In March 2025, IMO members approved a proposal, co-sponsored by the UK, to conduct a regulatory scoping exercise to develop further actions aimed at preventing illegal operations by the shadow fleet.
International Civil Aviation Organisation (ICAO)	The UK has continued to pursue and defend UK interests at the ICAO. Through the ICAO Council, the UK has managed a complex geopolitical environment to progress UK policy interests and guide the development of ICAO's 25-Year Strategic Plan. DfT has continued to defend UK interests in two Article 84 dispute settlement cases in which DfT is a party, securing a positive result in one case in which the ICAO Council found in the UK's favour and rejected Iran's preliminary objections. The second case, brought against the UK and 36 other states by Russia alleging breaches of international law due to the introduction of sanctions, is progressing.	• In November 2024, DfT continued to strengthen our relationship with ICAO by signing a new MoU with the organisation, committing us to continue to support ICAO to maintain the safety, security and sustainability of international aviation.

Activity	Description	2024-25 – Key Delivery
Transport Decarbonisation	Transport decarbonisation is crucial for achieving the Government's Clean Energy Mission by reducing carbon emissions, promoting sustainable energy sources, and facilitating the transition to a low-carbon economy. This work also closely aligns with our Priority Outcome to deliver greener, safer and healthier transport. International successes this year included playing a leading role at the IMO's Marine Environment Protection Committee, laying the groundwork and convening Member States to push for agreement in April 2025 on ambitious global regulatory measures which will help deliver the emissions reduction targets set out in the 2023 IMO Greenhouse Gas (GHG Strategy). DfTc has also played a leading role in the ICAO integrated review of standards for aeroplane CO2 emissions and noise since 2022: in February 2025, ICAO agreed to make both standards more stringent, ensuring that new aeroplanes designed in the next decade will be significantly more efficient and quieter than today.	• In November 2024, DfT and ATE representatives contributed to the UK government engagement at UN Climate Change Conference COP29 in Baku, Azerbaijan including participating in discussions on transport decarbonisation led by the four UN transport bodies (UNECE, Inland Transport Committee, IMO, ICAO) and the Azerbaijani Presidency.
International Trade	DfT is actively strengthening international rail partnerships to enhance the UK's global rail influence and grow the economy by facilitating export opportunities for the UK rail supply chain. Recent engagement at major global industry events such as Middle East Rail (April 2024) InnoTrans (September 2024) and Saudi Rail (November 2024) reaffirmed the Government's commitment to promoting UK rail expertise and fostering bilateral collaboration. DfT has worked proactively to support and promote international rail services through the Channel Tunnel, given the significant socio-economic benefits they provide in transporting millions of passengers and tonnes of freight between the UK and mainland Europe each year, all of which contributes to economic growth and productivity. DfT has negotiated and concluded several bilateral agreements with France to establish a new regulatory framework for the Channel Tunnel, following the UK's departure from the EU. The fourth and final treaty, which represents several years of intensive efforts between UK and French officials to deliver a highly complex, technical agreement, is due to be signed in April 2025, after which DfT will proceed with parliamentary procedures to ratify and implement it. DfT has also supported industry efforts to prepare for the implementation of the EU Entry/Exit System (EES), given the significant impacts EES could have at juxtaposed borders, including St Pancras and Cheriton (Eurotunnel). The EES, initially slated for launch in 2022, has faced multiple delays due to technical and logistical challenges, with the latest postponement pushing the rollout to at least October 2025.	• In November 2024, DfT signed a Rail MoU with the Ministry of Transport of Türkiye to share best practices and technical rail policy on subjects of mutual interest. This agreement builds on UK Export Finance's successes with high-speed rail projects in the region. Ongoing collaboration under existing MoUs with Chile, Czechia and the Kingdom of Saudi Arabia continue to facilitate technical rail collaboration and strengthen international partnerships. • In December 2024, DfT attended the 18th annual UK-Japan Rail Working Group, which enabled policy sharing on priority areas such as rail passenger experience, climate resilience, and cooperation in third-country rail projects, as well as business-to-business discussions.

Activity	Description	2024-25 – Key Delivery
Crossrail International (CI)	CI is a public body owned by DfT, CI's work contributes to DfT's Priority Outcome and the Government's Growth Mission by supporting UK exports. CI achieves this by providing strategic advice to foreign governments on their major infrastructure schemes, actively building trade links that benefit the UK and embedding UK best practice. CI was set up to share the valuable experience and expertise generated by the Crossrail project internationally and to create export opportunities for the UK. CI's work also contributes to strengthening the UK's influence by supporting international partners to drive economic development, leading to stronger relationships and supporting the Government's Growth Mission in the UK. CI has further developed its relationship with the FCDO, having expanded its role as a delivery partner for the Green Cities and Infrastructure Programme. CI has been responsible for delivering eight projects across seven countries for this programme.	• Throughout the year, CI built on its strong reputation internationally and expanded the scope and volume of its work. CI continues to act as a trusted intermediary for foreign government clients, coordinating and convening UK interests in public and private infrastructure schemes. It has expanded on earlier successes in Colombia, Indonesia and Israel to build a strong pipeline of future work in these countries and new opportunities in the broader regions. CI has also signed MoUs with India, Mongolia and Vietnam, alongside securing new commissions in Argentina, South Africa and the Philippines.

Activity	Description	2024-25 – Key Delivery
Developing the DfT Programme at World Expo 2025 in Osaka, Japan	As one of the co-funding government departments for the UK's participation at World Expo 2025 in Osaka, DfT has focused over the last year on developing a programme of transport-focussed events to contribute to the six-month UK programme at Expo. DfT's programme focuses on the following strategic objectives: • Increase positive perceptions of the UK as a leader in green transport (also linked to the clean energy mission) and maximise opportunities to enable economic growth. • Strengthen DfT's bilateral relationship with Japan. To ensure DfT achieve those objectives, DfT's programme at Expo will include a combination of public-facing events, business-targeted engagements and ministerial bilateral meetings with key stakeholders in the region. DfT's Expo programme will be largely concentrated during the month of May 2025 (The Future of Community and Mobility Expo 2025 Theme Weeks) but may also include contributions in July and September (The Future of Earth and Biodiversity 2025 Theme Weeks). With 160 countries expected to participate and 28 million visitors forecasted, Expo provides a unique international platform to promote our innovative transport businesses and thought leadership on the future of transport. In line with the Government's growth mission, Expo is also an opportunity to advance partnerships between Japanese and UK companies.	

Strategic Enabler: An Excellent Department

This Strategic Enabler aims to enable continuous improvement and innovative delivery. It also aims to ensure DfT embraces an multi-site working in our hub locations across the UK, building on existing strategies to maximise opportunities to work efficiently and support delivery against Places for Growth 2030 ambitions. This enabler seeks to support investment in attracting and retaining required capabilities and ensure where people feel well supported, can reach their potential, learn and enjoy working. This in turn will help deliver complex transport challenges, maximising public money for the greatest outcomes for the taxpayer.

Summary

An Excellent Department aims to enable continuous improvement and innovative delivery, ensuring DfT realises the benefits of true multi-site working. This enabler seeks to support investment in attracting and retaining required capabilities and the long-term health of the organisation.

Areas of work

Key progress made under this Strategic Enabler is summarised below.

Activity	Description	2024-25 –Key Delivery
Workplace	DfTc has initiated work to develop workspace and demand management parameters to enable strategic and integrated decisions about our workforce and workplaces. This builds on existing management strategies to maximise efficiency opportunities and support delivery against Places for Growth 2030 ambitions. DfT has also made improvements across our estate to enable staff to make the most of their time in the office and in response to feedback, ensuring that our people have a range of work settings available to them, appropriate for the task at hand. This supports staff in meeting the 60% workplace attendance requirement and using the workplace flexibly.	• In March 2025, DfT established the Estates and People Task and Finish groups. • In February 2025, the New Total Facilities Management contract was put in place in to manage workplaces and provide a wide range of benefits and improvements within several buildings across multiple locations.

Activity	Description	2024-25 –Key Delivery
Workforce Capacity	Moving senior civil servants' (SCS) roles out of London has proven challenging, and DfT has missed our target for 2025. However, DfT continue to make steady progress, achieving 84% of our target of 41 roles out of London. DfT has maintained a role-agnostic approach, enabling staff across multiple professions, including policy, to work effectively in locations other than London. Workforce affordability challenges continued into this financial year. DfT conducted a Strategic Departmental Review to support our Executive Leadership Team in identifying efficiency opportunities and laying the foundations for prioritisation during business planning. Attention now shifts to forward planning and rebuilding for future delivery needs, with transformation activity planned over the SR25 period to protect the long-term health of the organisation and build even greater resilience.	• In September 2024, DfT achieved its March 2025 'Places for Growth' target to recruit 681 roles from grades AA-G6 in Birmingham, Leeds, and Edinburgh. • In September 2024, DfT launched a Voluntary Exit Scheme to complement our ongoing quarterly workforce review process to reduce headcount and create space to bring in critical skills. DfTc has supported 288 members of staff to leave the organisation through this scheme and worked with senior leaders to proactively manage headcount. DfTc has also identified opportunities to use voluntary exits to make further progress in moving SCS roles out of London.

Activity	Description	2024-25 –Key Delivery
Building Skills and Capacity	DfT is working to ensure the workforce feel empowered to excel in their roles by enhancing their skills, knowledge, and capability. DfT provides opportunities for professional growth, enabling individuals to reach their full potential. DfTc continues to develop capability in Civil Service and core skills through a varied learning offer. This includes workshops, programmes, and e-learning for individuals and groups. Development opportunities are refreshed quarterly and aligned with departmental and Civil Service priorities. The Corporate Induction has been enhanced through additional networking sessions with the Permanent Secretaries. DfTc continues to promote and monitor annual Mandatory Learning for all colleagues. The Learning and Development Theme score on the People Survey dropped by 3 percentage points, returning to the level seen in 2022. This is likely due, at least in part, to perceptions of limited career development opportunities because of DfTc's commitment to Places for Growth and recruitment policies. The score around accessing appropriate learning and development opportunities in a timely way remained high at 72%. There is continued development of specialist skills and specific transport sector learning across the professions. This year, the focus has been on strengthening professions data across the organisation, with the relaunch of a professions dashboard. This is intended to help us better understand the skills profile of DfT and better target future development.	• Throughout the year, DfT has enhanced its professions data and Corporate Induction to strengthen it's offer to staff. • DfT has continued to deliver and improve its learning offer, where evaluation shows 85% learners feel more equipped to do their role because of the learning.
Leadership and Management	DfTc continues to promote, deliver, and evolve the Line Management Capability offer according to priorities and organisational needs, including workshops, programmes, and e-learning. A revised 'Management 101' session, compulsory for new line managers, was launched in January 2025, designed around the Line Management Standards by a multidisciplinary HR team. In May 2023, DfTc launched 'Elevate,' a Leadership Development programme for all senior leaders, supporting the creation of confident leaders who can support change and drive delivery. Elevate learning continues to be embedded across DfTc, including embedding learning into practical change products. The wider SCS development offer focuses on improving leadership capability across the cadre. This includes: • A new SCS Induction, tailored to individual requirements, including a 'Welcome to the SCS' session, executive coaching, and buddying. • Access to a range of professional development, including systems thinking and SCS masterclasses. • Executive Coaching provided by EY as part of the Government Campus learning framework.	• In June 2024, DfTc supported the Cabinet Office in testing, developing and launching the Civil Service Line Management Standards. These Standards are being integrated into the employee lifecycle, including recruitment, induction, performance, reward, and development processes, to set expectations for great management practice. • At year end, 264 SCS had completed the 'Elevate' Leadership Development programme.

Activity	Description	2024-25 –Key Delivery
Talent and Apprenticeships	Currently, 2.6% of DfTc's workforce are studying as part of an apprenticeship. Across DfTc, apprenticeships continue to be supported across a variety of professions, with a renewed focus on STEM and digital and data skills. DfT is beginning to work closely with the newly established Skills England organisation and are considering our use of apprenticeships to build skills and create opportunities in the future. Going forward, our priority is to make sure our apprenticeship offer is an appropriate upskilling tool for existing employees and that DfT has a range of options on offer within priority skills areas. DfTc will continue to support the Movement to Work scheme and have committed to hosting a cohort of 10 within 2025-26. To improve efficiency and enable better strategic decision-making, DfT has aligned its delegated (Grade 6 and Grade 7) and SCS talent management cycle. This has enabled better use of data to build talent pipelines and pathways from G7 to SCS.	• In January 2025, DfTc reformed its approach to Internships, prioritising Places for Growth locations and high priority STEM roles. • Throughout the year, DfT has supported 13 apprentices to complete training across levels 3-5 in Business Management, Leadership, HR, Finance and Commercial.
Senior Civil Servant (SCS) Talent	DfT continue to deliver the annual talent cycle for all members of the SCS. This ensures that a career conversation takes place, helping individuals realise their potential and allowing DfTc to have a view of the strength and diversity of talent, along with utilising the insight to support SCS applying for accelerated development schemes.	• Throughout the year, DfT has supported 24 SCS to enrol onto accelerated talent schemes to support their career progression and skills within the organisation. • Throughout the year DfT conducted an SCS workforce review across the organisation which allowed DfT to refresh Director succession plans and to identify SCS critical roles for succession planning activity to be taken forward.

Activity	Description	2024-25 –Key Delivery
Efficiencies and Technology	DfTc is committed to identifying, developing, and implementing innovative technological solutions, including AI, that enhance operational efficiency across DfT. This initiative promotes a culture of continuous improvement, inspiring staff to embrace new technologies and practices.	• DfT has continued to digitise internal processes relating to Declarations of Interest. • DfT has already piloted AI for correspondence, consultation analysis, and EV chargepoint grant fraud detection. DfT are now looking to scale these tools and expand use of AI into other high impact areas, including working more closely with our ALBs. • DfT has published the Transport AI Action Plan, which sets the direction for the implementation of AI across the transport system, guiding an equitable and beneficial transition.
People-centred Systems & Policies	DfTc is committed to providing people-centred systems and policies for our people. In line with the shared services strategy for government, DfT transitioned into the Unity cluster at the end of February 2023, creating a partnership with HM Revenue and Customs (HMRC) and the MHCLG. Unity will create a single shared services function for the three departments, operating from a single technology platform. All three departments have been brought together to design a common operating model, share business process services, and implement standardised, common enterprise resource planning services, finance, and HR shared services.	• In June 2024, DfT Shared Services successfully transitioned over to Unity Business Services. • In October 2024, Unity appointed the future technical delivery partner. • In March 2025, Discovery phase was completed for the three Unity projects (HR, Finance and Payroll).

Sustainability Report

UN Sustainability Development Goals (SDGs)

The 2030 Agenda for Sustainable Development is a historic global agreement to eradicate extreme poverty, fight inequality and injustice and leave no one behind. Agreed at United Nations in 2015, the 17 sustainable development (SDG) goals succeed the Millennium Development Goals (MDGs). The SDGs are universal, with all signatories expected to contribute to them internationally and deliver them domestically.

The UK was at the forefront of negotiating the SDGs and will be at the forefront of delivering them. The UK lobbied hard to make sure the SDGs support the continuation of work undertaken through the MDGs.

DfT is directly working towards contributing to the achievement of the following seven goals:

- SDG 3 – Good Health and Wellbeing.
- SDG 4 – Quality Education.
- SDG 8 – Decent Work and Economic Growth.
- SDG 9 – Industry, Innovation and Infrastructure.
- SDG 11 – Sustainable Cities and Communities.
- SDG 13 – Climate Action.
- SDG 15 – Life on Land.

SDG 3 – Good Health and Wellbeing

In 2024 the Government committed to a mission to build an NHS fit for the future, requiring a shift from 'sickness to prevention'. This will reform the way our health services deliver care and aims to shorten the amount of time people spend in ill-health by preventing illnesses before they happen. DfT supports this mission through our prevention priorities to reduce physical inactivity, improve air quality, and improve road safety.

DfT helps reduce physical inactivity through the work on active travel, better bus and rail services, transport integration and road safety, all of which combine to make it easier for people to incorporate walking, wheeling and cycling into their everyday journeys. More details are set out in the Performance Report, under our Outcome to deliver Greener, Safer and Healthier Transport.

DfT is reducing air pollution through transformative work to decarbonise the transport system and, alongside Defra, deliver the NO2 programme to help local authorities meet legal air quality limits. Further details can also be found under the Greener, Safer and Healthier Transport Outcome.

In July 2024, the Government announced a rapid review of the Environmental improvement plan (EIP) 2023 as part of wider statutory review to be completed with the introduction of the revised EIP in 2025. The EIP includes goals for clean air, mitigating and adapting to climate change and thriving plants and wildlife, all of which transport plays a role in. The EIP is a long-term plan that supports delivery against the legally binding long-term targets set through the Environment Act, including targets to cut exposure to fine particulate matter (PM2.5).

DfT is committed to reducing the negative impacts of transport on water quality and since 2020, DfT has worked to improve water quality through the Road Investment Strategy 2 (RIS2): 2020 to 2025, with National Highways having delivered over 37 water quality initiatives, improving ~43 km of water bodies, which includes rivers, streams, lakes, transitional waters, coastal waters and groundwaters. Further improvements to waterbodies during the 2024-2025 period have been undertaken through the installation of new nature-based solutions for flood alleviation schemes under National Highway's National Flood Management pilot project.

Building on their 2030 water quality plan, National Highways is now working with a technical partner to accelerate the approach to investigating, designing and retrofitting outfall improvements to mitigate pollution arising from historic design practices at highway outfalls across the strategic road network. Wider joint research, between National Highways and the Environment Agency, into microplastic pollution from road run-off is underway, including an expanded monitoring programme across the strategic road network.

Although by global standards, roads in the UK are very safe, every road death and injury is a tragedy. DfT continues to work on a variety of road safety interventions. Provisional estimates show that in 2024, there were 1,633 people killed on the roads in Great Britain – an increase of 1% compared to 2023. There was a total of 128,375 casualties of all severities, which is 3% lower than in 2023 and is among the lowest levels since 1979 (when DfT began reporting road casualty statistics with current definitions and detail). This decrease is also illustrated in DfT's core metric 8, which tracks the rate of people killed or seriously injured on UK Roads.

Since March 2024 DfT has invested £10 million to improve the safety of a further two of the country's most high-risk roads, taking the total invested to £195.4 million and a total of 100 roads improved. In November 2024, The Road Vehicles (Construction and Use) (Amendment) Regulations 2024 caminto force. This allows emergency services drivers, while performing their duties to use their radios while driving.

SDG 4 – Quality Education

Accessible, affordable transport is essential for enabling access to education and training particularly for low-income families and socially excluded groups. DfT is supporting this through a range of targeted investments and partnerships.

To improve affordability, DfT introduced a £3 cap on single bus fares in England outside London, helping millions access education and job opportunities. In addition, over £1 billion is being invested to enhance bus service reliability and frequency. For broader regional impact, DfT is allocating over £1.1 billion in 2025/26 through the CRSTS and more than £650 million for local transport outside city regions.

DfT is also addressing skills shortages in the rail sector through collaboration with the National Skills Academy for Rail (NSAR). NSAR's 2024 workforce survey highlighted persistent annual deficits of 2,000–3,000 workers in key areas such as Signalling & Telecoms, Systems Engineering, and Electrification & Plant. To tackle this, NSAR supports apprenticeships and runs the Routes into Rail initiative, which promotes rail careers—including in sustainability—via a dedicated website and partnerships with UCAS. HS2 Ltd is playing a major role in upskilling the UK's construction workforce. Its innovation programme is delivering hundreds of projects with significant carbon savings, and by the end of 2023–24, it had supported over 30,000 jobs and launched more than 1,300 apprenticeships out of a planned 2,000. In the freight sector, DfT published a future skills assessment in September 2024, identifying needs in areas such as decarbonisation, warehouse automation, data analytics, electric vehicle maintenance, and AI. This followed the work of the Future of Freight People & Skills Delivery Group (July 2023–October 2024), which examined recruitment and training gaps. Building on this, a new Freight Workforce Group is developing an action plan in spring 2025 to address these challenges. Since August 2022, DfT has supported the Generation Logistics campaign, which promotes logistics careers to young people and underrepresented groups. The campaign includes an ambassador network, educational materials for schools and Jobcentres, podcasts, virtual work experiences, a careers booklet, an online hub, and a jobs board. In the maritime sector, DfT is working to ensure equal opportunities across gender and background, especially as the industry embraces AI, automation, and green technologies. Through the Diversity in Maritime programme and initiatives like the Maritime Roadshow for Girls, DfT promotes STEM careers. The Maritime Skills Commission, chaired by Prof. Graham Baldwin, leads on skills development and reports to the Maritime Minister and Maritime UK. DfT and the Maritime and Coastguard Agency (MCA) are modernising seafarer training based on the Cadet Training Review (2021) and Ratings Review (2023). Workstreams include Future Ports Workforce, Green Skills, Labour Market Assessment, and Human Skills and Behaviours.

Finally, DfT has developed a digital carbon eLearning training package as part of its shared digital carbon architecture programme, available to all staff via the DfTc learning management system, supporting DfT's commitment to sustainable infrastructure.

SDG 8 – Decent Work and Economic Growth

DfT plays a crucial role in promoting sustainable, inclusive economic growth and productive employment by improving connectivity and supporting the decarbonisation of the transport network.

Following the announcement of the ZEV mandate, vehicle manufacturers announced £20 billion of investment into the UK automotive sector, and the charging sector has committed £6 billion before 2030, according to industry figures.

In 2024, Go-Ahead announced a £500 million investment to deliver 1,200 ZEBs over the next three years, supplied by the UK-based bus manufacturer Wrightbus. This investment, supported by the Government's ZEBRA funding, will increase decarbonisation, support hundreds of jobs, deliver growth and ensure greener and better journeys for passengers across the country.

In 2050, up to 15,000 jobs and £5 billion in 'Gross Value Added' in the UK could be supported with future low carbon fuel production for the domestic and international markets.

SDG 9 – Industry, Innovation and Infrastructure

DfT is committed to building resilient infrastructure, promoting inclusive and sustainable industrialisation, and fostering innovation. One of DfT's key initiatives is the Transport Research Innovation Grant (TRIG)—a competitive grant programme that supports research and innovation aimed at enhancing the UK's transport system across all modes.

TRIG focuses on early-stage innovation and prototyping, with a strong emphasis on engaging small and medium-sized enterprises (SMEs). Grants of up to £45,000 are awarded through an open competition, allowing organisations to apply for either policy-defined challenges or the SciTech-funded open call. In its most recent round, TRIG funded 41 projects, including:

- Liquid hydrogen refuelling technology for aircraft.
- An AI tool to optimise passenger flow during station disruptions.
- Zero-emission parcel and crate logistics using waterways.

In a recent evaluation, covering the period from 2019 to 2024, DfT awarded £10.8 million in TRIG grants to 288 projects. These projects subsequently secured £94 million in follow-on funding from Innovate UK and attracted £97.8 million in private investment. DfT has three streams of monitoring and evaluation for TRIG. First, an in-year project evaluation that focuses on the immediate impacts of each individual cohort. Second, an overarching alumni network supports longer-term reporting and evaluation across multiple cohorts. Third, the CPC Agreement M&E programme captures broader lessons learned and identifies opportunities for improving programme design and delivery.

In addition, the Tackling Loneliness with Transport Fund pilot concluded in July 2023. Approximately one-third of the funded pilots were located in rural areas of England. The outcomes of these schemes are currently being evaluated and will help shape future transport initiatives aimed at reducing loneliness in communities.

DfT has also continued to support Demand Responsive Transport (DRT) trials through its £20 million Rural Mobility Fund (RMF), with all but two schemes now launched.

When it comes to highways, DfT's funding methodology for maintenance is generally proportionate to the size of the local highway network, typically larger in rural areas. The formula considers factors such as road length and classification, as well as the number of bridges and lighting columns maintained at public expense. Full details are available on GOV.UK. However, decisions on how this funding is spent rest with the relevant local authorities, as outlined on the highway maintenance funding allocations webpage. Improving bus services is also a central part of the Government's growth strategy. DfT is working to make bus franchising quicker, easier, and more cost-effective. The forthcoming Buses Bill will give local areas the option to pursue franchising, strengthen Enhanced Partnerships with the private sector, or establish local authority-owned bus companies. While the franchising model used in Manchester is being explored by other Mayoral Combined Authorities, DfT recognises that this approach may not suit LTAs which often lack the resources, skills, or scale of Mayoral Combined Authorities and serve different demographics. To address this, DfT has engaged with LTAs and operators, and examined international models—including those incorporating DRT—to identify viable alternatives. These are detailed in the revised statutory guidance to franchising authorities, published in December 2024 alongside the Bill's introduction. Finally, DfT funded the Rural Transport Accelerator, delivered by Connected Places Catapult, with £1.1 million over two years to support innovations aimed at improving rural transport. Eight SMEs were selected through a competitive process to tackle challenges related to safety, resilience, sustainability, and accessibility in the UK's rural transport network. The trials have now concluded, and an evaluation report will be published shortly.

SDG 11 – Sustainable Cities and Communities

DfT and its public bodies are contributing to the delivery of sustainable cities and communities. DfT continues to implement biodiversity requirements as per the Environment Act. This includes action to implement the Biodiversity Duty, whereby DfT and its public bodies must consider how they can conserve and enhance biodiversity, as well as action to deliver Biodiversity Net Gain (BNG) for transport developments under the Town and Country Planning Act.

SDG 13 – Climate Action

2024 was the warmest year in global temperature records going back to 1850 and the UK's fourth warmest year. Alongside this, the UK also experienced 10 named storms in 2024/2025 which caused disruption to the transport network. Decarbonising the economy will not be enough to prevent extreme weather events caused by climate change from having an impact on all forms of transport and the infrastructure that it relies upon. In response, DfT is strengthening transport adaptation policy across the transport sector. Further details can be found in the Priority Outcome Greener, Safer & Healthier Transport under the workstream 'Climate Change Adaptation'.

DfT published its first transport adaptation strategy for consultation in 2024: Fit for a changing climate? Adapting the UK's transport system, building on the commitments in the third national adaptation programme (NAP3). A final transport adaptation strategy will be published in 2025. DfT published Climate Risk Assessment Guidance in March 2025 to support transport infrastructure operators to identify their climate risks and prioritise adaptation actions. The practical guidance aims to increase the uptake of climate risk assessments, reduce uncertainty and improve consistency across the sector.

Actions in response to climate change risks are primarily taken by transport infrastructure operators. 2024 was a reporting year under the Adaptation Reporting Power (as part of the 2008 Climate Change Act), so transport organisations have published reports which outline their plans on adapting to the impacts of climate change. For the rail sector, alongside the infrastructure operators, organisations running the trains also have adaptation responsibilities. 2024 was the first time that two TOCs piloted the adaptation reporting process. In addition, adaptation commitments are being progressed in the TOC annual business planning process for the first time. DfT continues to work alongside the Rail Safety and Standards Board on rail adaptation and was supportive of the industry's decision to agree unified climate change scenarios for consistent planning across the rail sector. This scenario agreement was a first within the transport sector and could only be achieved through the rail industry's exceptional collaboration and drive.

DfT understands that the transport needs of communities in rural areas differ from those in urban environments for a variety of reasons, which include demographics, lower population density and travel distances. DfT's appraisal system is consistent with Defra's national rural proofing guidelines, ensuring that policy makers address the needs of rural areas throughout the policy cycle.

As of March 2024, second zero-emission bus regional areas programme (ZEBRA 2) funded 9 projects that predominantly serve rural areas, investing £40 million and delivering up to 318 ZEBs for rural areas.

DfT report via the GGC's and as such are required to complete Climate Risk Assessments for operational sites. Within this framework DfT are not required to complete risk assessments for the transport network however this work has been completed. Within the next reporting year, DfT will work to combine these risk assessments to understand their co-dependencies.

SDG 15 – Life on land

DfT's cross-modal approach to biodiversity conservation, guided by its legal duty under the Environment Act 2021, reflects a proactive commitment to integrating ecological sustainability into transport infrastructure.

In February 2025, integration of biodiversity metrics into Active Travel England's assessment tools ensured that nature-positive outcomes were now fully embedded within infrastructure funding decisions, promoting long-term ecological value. The example of habitat-enhancing work, where dead trees are modified to simulate natural decay, supporting woodland species,demonstrates practical action to enhance ecosystem complexity and habitat provision. These targeted interventions support conserving biodiversity and natural habitats, particularly through sustainable management practices that align economic infrastructure with ecological resilience. More details are set out in our Performance Report, at page 67.

Sustainable Procurement

DfT recognises the significant impact procurement decisions can have on sustainability outcomes; therefore, DfT is committed to ensuring the supply chain supports sustainable development goals.

DfT has a corporate environment policy, which is included in tenders setting out the minimum environmental and sustainability standards that potential suppliers to DfT must meet to win contracts, in line with the Government Buying Standards. Upon publication of the expected new Government Buying Standards in 2025, this will be updated to reflect the new standards. The updated corporate environment policy will also reference the National Procurement Policy Statement launched as part of the Procurement Act 2023, as well as DfT's social value priorities.

DfT has the CIPS kite mark, a statement of our commitment to ethical sourcing and supplier management, and as part of our CIPS accreditation, commercial staff must complete an ethical sourcing assessment which includes a module on environmentally sustainable procurement.

The commercial lifecycle assurance function provides a risk-based, line of defence assurance process against commercial activity on DfT's portfolio, to provide confidence to the investment boards that they are being managed effectively, efficiently, and compliantly. This includes consideration of the inclusion of relevant sustainability targets by ensuring consultation with appropriate sustainability experts at appropriate points in the procurement phase. Through this assurance, value for money is considered from an environmental perspective, as well as financial value.

DfT has a range of contractual clauses which can be used to drive sustainability and decarbonisation outcomes, such as the carbon reduction contract schedule, a schedule of optional carbon clauses which include topics such as holding suppliers to net zero commitments, gainshare and incentivisation. DfT also requires all suppliers bidding for contracts with a value of £5 million per annum to submit carbon reduction plans or face being excluded from the procurement. DfT also requires all major procurements (above public procurement thresholds) to attribute a minimum 10% weighting to social value outcomes as part of the tender evaluation criteria.

To ensure that these commercial mechanisms are used widely and appropriately across DfT, an internal commercial sustainability strategy has been produced to address the common challenges faced across DfT and its ALBs. This includes a focus on upskilling staff in commercial sustainability, strengthening assurance processes and promoting the range of options to non-commercial colleagues to drive better uptake.

DfT has fully implemented the Construction Playbook, a best-practice principles framework published in 2020, which is aimed at getting construction projects right from the start and as green as possible through requirements for Net Zero 2050 strategies, whole life carbon cost assessments such as PAS 2080, and an emphasis on modern methods of construction and off-site construction where possible, which is much less carbon intensive than traditional construction.

Infrastructure projects delivered by DfT and its public bodies are required to assess all carbon impacts in line with recognised industry standards (such as PAS 2080). For these infrastructure projects, DfT has introduced standardised carbon management plans to make sure carbon is considered throughout the project's lifecycle, containing a section on procurement. The contents of these carbon management plans are translated into tender or contract documentation to contractualise them and make sure delivery partners enact them.

DfT has both category management and supply chain management functions which are concerned with identifying supply chain risks that include the environmental impact of DfT's supply chain. A Supply Chain Sustainability Forum has been created that brings together DfT's public bodies and strategic suppliers to share best practices on how sustainability is embedded into procurement and to gain feedback from the supplier community on opportunities and barriers to sustainable delivery.

Sustainable Development

DfT has been working to deliver major projects and programmes to support the UK's transition to a sustainable transport system. DfT's estate and operations are closely managed, and DfT strives to continually improve environmental performance and reduce operational impact.

DfTc is part of the Government Greening Commitments (GGCs), under which Defra provides the structure and standard of sustainability performance for all government departments to achieve. In 2021 Defra published a new phase of GGC targets covering 2021 to 2025. DfTc reports its performance against GGC targets quarterly to Defra, which produce a cross-government annual report. The data provided to Defra and outlined below covers the operations of DfTc and the public bodies. More detail on the activities of individual organisations to improve their own sustainable performance can be found in their individual annual reports and accounts.

DfT continues to work towards delivering the actions in our operational sustainability strategy 2021 to 2025, published in 2021, to meet the GGCs by 2025 and further refine our pathway to Net Zero by 2050.

In 2024/25 DfTc has focussed on completing full climate risk assessments of the office estate, allowing DfTc to ensure business continuity whilst also highlighting areas of future work, allowing DfT to develop a pipeline of projects to enable further decarbonisation and resilience. DfTc has also explored potential to map the DfTc estate, including habitat types and natural features. DfTc has recently been awarded a grant from the public sector decarbonisation scheme to, almost completely, decarbonise the power and heating requirements of the Air Accident Investigation Branch site at Farnborough. This will be used as a pilot project to understand how best other DfTc sites can be made more efficient and decarbonised.

Jo Shanmugalingam **21 July 2025**
Permanent Secretary and Principal Accounting Officer
Department for Transport
Great Minister House
33 Horseferry Road
London SW1P 4DR

The Accountability Report

Lead Non-Executive Board Member (NEBM) Foreword

The Government's manifesto has set out five missions to deliver its long term aims for the country. DfT has a crucial role in delivering these missions and as the DfT Non-Executive Board Members (NEBM), we have an important role in supporting the department's contributions to the government's objectives.

Our role as Non-Executives provides us with the opportunity to offer an independent voice across several areas including policy, business improvement, project delivery, risk management and governance. We can share the benefit of our expertise and experience with the DfT Executive Team, as well as with policy and project teams across DfT.

This can most readily be seen in the support, advice and challenge we continue to provide to various departmental workstreams and cross-government fora. For instance, Tony Poulter has provided advice and serves as a member of the Great British Railway Transition Team which supports rail reform, a key area of focus of the Secretary of State. Furthermore, both Tony Poulter and I have also been involved in the department's response to Spending Review 2025, with key roles in the Zero-Based Review Challenge Panel which has scrutinised and challenged the department's resource budgets.

We are also involved in forward looking areas like Artificial Intelligence (AI) in Transport, where Tracy Westall has provided contributions to roundtables on AI. Tracy also chairs the department's Public Appointments Diversity Engagement Group. Sarah Storey has contributed to the development of upcoming departmental strategies like the National Road Safety Strategy and the Integrated National Transport Strategy; these are key planks in the department's work on improving transport for the people who use the system.

Richard Keys has undertaken focused reviews on areas like the department's approach to management assurance, AI, and climate strategic risks. My role, as HS2 Special director, and work on the reset of HS2 also highlight the support non-executives offer to the wider DfT Group. These workstreams demonstrate the wide breadth of activities NEBMs undertake on behalf of the department.

As NEBMs, we also have an active role in DfT's key governance structures, both chairing and sitting as members of committees such as the:

- Group Audit, Risk and Assurance Committee (GARAC), chaired by Richard Keys which oversees the delivery of the annual report and accounts, DfT's internal audit programme, and conducts deep dives into areas of interest and risk management.
- Nominations Committee, which I chair, has an advisory role in scrutinising and challenging DfT's processes for developing talent and succession planning across its Arms-Length Bodies.
- The DfT Board – where the NEBM team provide scrutiny and challenge on DfT's strategy, performance and capability. As a part of this scrutiny, I have been commissioned by the Secretary of the State to conduct a light touch Board Effectiveness Review (BER) for this year, which will be followed up with a more comprehensive and independent review in the next year.

- Investment, Portfolio, Delivery Committee where we use our experience of major projects and their financing to test the programmes that come through the investment approval process, as well as render advice on the management of the DfT's Tier 1 portfolio of projects and programmes.
- Executive and Non-Executive Meetings – where we engage with DfT's Executive Committee to provide advice on key strategic issues and challenges facing DfT.

The Department's aims; to deliver growth, provide greener, safer and healthier transport and to improve transport for people will need to be delivered within a challenging fiscal context.

The NEBM team and I continue to stand ready to support DfT on the delivery of these objectives.

Ian King
Lead NEBM

Summary

The Corporate Governance Report explains the composition and organisation of DfT's governance structures and shows how they support DfT in achieving its objectives.

Statement of Principal Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HMT has directed me, Jo Shanmugalingam, to prepare for each financial year, consolidated resource accounts detailing the resources acquired, used or disposed of, during the year by my Department, including its public bodies and other public bodies designated by order made under the GRAA by Statutory Instrument 2024 no 1323 (together known as the 'Departmental group', consisting of the Department and designated bodies listed in Note 25 to the Accounts).

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department for Transport and the Departmental group and of the net resource outturn, application of resources, Statement of Financial Position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the Accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by HMT, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process.
- Make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other delivery bodies.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Accounts.
- Prepare the Accounts on a going concern basis.
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements for determining that it is fair, balanced and understandable.

HMT has appointed me as Principal Accounting Officer for DfT.

The Department has appointed the chief executive of each sponsored delivery body as the Accounting Officer for their delivery body.

As the Department's Principal Accounting Officer, I am responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the accounting officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The general responsibilities of an Accounting Officer, which includes responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable; for keeping proper records; and for safeguarding the assets of the DfTc or non-Departmental and other delivery bodies for which the Principal Accounting Officer is responsible, are set out in full in section 3.3.3 of 'Managing Public Money' published by HM Treasury.

As the Principal Accounting Officer, I have taken all necessary steps to make myself aware of any relevant audit information, and to establish that the National Audit Office has been made aware of all relevant information connected with its audit. Insofar as I know, there is no audit information of which the National Audit Office is not aware.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable. I take personal responsibility for the Annual Report and Account and the judgements required for determining that they are fair, balanced and understandable.

Directors' Report

The Secretary of State for Transport, appointed by the Prime Minister, has overall responsibility for DfT and its public bodies. In 2024-25, DfT had one Permanent Secretary and one Second Permanent Secretary who were responsible for the effectiveness and efficiency of work to support ministerial policies and objectives. The permanent secretaries were also responsible for DfT's leadership, management, and staffing. As of July 2025, Jo Shanmugalingam has been confirmed as the new Permanent Secretary for Department for Transport, following Bernadette Kelly's retirement from the Civil Service. Our first Permanent Secretary is the Principal Accounting Officer, responsible for the propriety and regularity of the DfT group expenditure.

Further information about the Principal Accounting Officer's responsibilities set out in this report. DfT's funding sits in several categories, and HMT holds DfT accountable to agreed funding limits for each category. Detail of outturn against these funding limits is shown in the statement of outturn against parliamentary supply.

Governance Statement

The governance statement describes how the DfT Board and its supporting governance structures work. It provides an assessment of how DfT is managed, including the effectiveness of the systems of internal control, risk management and accountability. The Secretary of State for Transport was supported by ministers, the Permanent Secretary and the Second Permanent Secretary, NEBMs and Directors General. This structure is set out in Our governance and the DfT governance structure chart. The composition of the Board is set out in the next section.

DfTc Board members as of 31 March 2025

Rt Hon Heidi Alexander Secretary of State for Transport

29 November 2024

Rt Hon Louise Haigh, Secretary of State for Transport

5 July 2024 – 29 November 2024

Lord Hendy of Richmond Hill, Minister of State for Rail

8 July 2024

Lilian Greenwood MP, Parliamentary Under-Secretary of State for Transport

9 July 2024

Simon Lightwood MP, Parliamentary Under-Secretary of State for Transport

9 July 2024

Mike Kane MP, Parliamentary Under-Secretary of State for Transport

9 July 2024

Rt Hon Mark Harper MP, Secretary of State for Transport

25 October 2022–5 July 2024

Huw Merriman MP, Minister of State (Rail and HS2)

27 October 2022–5 July 2024

Anthony Browne MP, Parliamentary Under-Secretary of State for Transport

13 November 2023–5 July 2024

Guy Opperman MP, Parliamentary Under-Secretary of State for Roads and Local Transport

13 November 2023–5 July 2024

Lord Davies of Gower, Parliamentary Under Secretary of State for Transport

14 November 2023–5 July 2024

Ian King, Lead non-executive director and non-executive board member with responsibility for the Union

1 November 2017

Tony Poulter, Non-executive board member

19 September 2016

Richard Keys, Non-executive board member

1 December 2017

Tracy Westall, Non-executive board member

1 November 2017


Dame Sarah Storey, Non-executive board member

1 April 2021


Dame Bernadette Kelly DCB, Permanent Secretary

18 April 2017


Jo Shanmugalingam, Second Permanent Secretary

30 May 2023


Nick Joyce, Director General Corporate Delivery Group

18 December 2017


Alan Over, Director General Major Rail Projects Group

1 April 2024


Dr Rannia Leontaridi, Director General Aviation, Maritime and Security

21 June 2022


Alex Hynes, Director General Rail Services Group

1 April 2024


Emma Ward, Director General Road Transport Group

17 March 2020


Conrad Bailey, Director General Public Transport and Local Group

3 March 2021


Richard Goodman, Director General Rail Reform and Strategy

11 March 2025

Groups, as of 31 March 2025

DfTc is organised into eight groups. The Decarbonisation, Technology and Strategy Group was led by the Second Permanent Secretary and the seven other groups are each led by a director general.

The group structure at DfT changed on 10 March 2025 with the appointment of a new director general following a restructure to enable DfT to rebalance its efforts across modes and further embed a culture of delivery, performance and joining up. The text below outlines the groups as they stood for the reporting year 2024 to 2025.

The main responsibilities for these eight groups are set out below:

Group	Leads On
Decarbonisation, Technology and Strategy (DTS) Group	• UK, International and Trade. • Analysis. • Strategy, Private Office and Governance. • Science, Innovation and Technology. • Planning and Growth. • Integrated National Transport Strategy. • Environment Strategy.
Rail Services Group (RSG)	• Rail Infrastructure Central, Southern, Environment and Digital. • Rail Infrastructure North and West. • Public Ownership Transition Programme. • Strategy and Portfolio. • Rail Markets Strategy and Planning. • Markets South. • Markets North.
Public Transport and Local Group (PTLG)	• Buses. • Accessibility and Inclusion. • Local and Regional Transport Strategy. • English Devolution. • Regions and Cities Partnership and Delivery. • Public Transport Strategy. • Land Transport National Security.
Rail Reform and Strategy Group (RRSG)	• Rail Change Portfolio. • Great British Rail Set Up and Design. • Rail Reform. • Fares, Ticketing & Retail and Passenger Services Authority. • Rail Strategy and Analysis.

Group	Leads On
Major Rail Projects Group (MRPG)	• Euston. • HS2. • Northern Powerhouse Rail. • Future Strategic Rail Infrastructure and Network Planning.
Corporate Delivery Group (CDG)	• Portfolio and Project Delivery. • Shareholdings, Appointments and Inquiries Response. • Corporate Finance and Property. • Group Finance. • Group Commercial. • Group Human Resources / Change and Organisational Design. • Digital Information and Security. • Group Communications.
Aviation, Maritime and Security (AMS) Group	• Aviation. • Heathrow Expansion Programme. • Maritime. • Transport security. • Resilience, Analysis, International and Sanctions. • Accident Investigation Branches (Air, Marine and Rail).
Road Transport Group (RTG)	• Motoring and Freight. • Freight and Borders. • EU Entry and Exit System (EES) Contingency Planning. • Roads and Projects Infrastructure Delivery. • Roads Strategy. • Office for Zero Emissions. • Future Transport Systems.

Government Legal Department (GLD) provides legal advice to DfT and is not part of the DfT group structure.

Corporate Governance, Management and Internal Control

DfT is governed by the:

- Secretary of State for Transport who has overall responsibility.
- First Permanent Secretary's responsibilities, both to the Secretary of State for Transport and directly to Parliament, as the Principal Accounting Officer for DfT expenditure and management.
- DfT Board's collective responsibility for overseeing the work.

The system of control includes the DfT Board sub-committees, the Executive Committee and its sub-committees, and our public bodies. These are governed by the control framework, which is supported by internal and external assurance processes. The DfT governance structure chart provides an illustration of the Board and the sub-committee structure in DfT and the chair of each committee.

Department for Transport

DfT Governance Structure as at 31 March 2025

DfT Board

Chair: Secretary of State for Transport
Frequency: at least quarterly
The DfT Board is an advisory body that gives strategic focus by advising on the operational implications and effectiveness of policy proposals.

Group Audit & Risk Assurance Committee (GARAC)

Chair: Non-Executive Board Member (Richard Keys)
Frequency: approximately 8 times per year
GARAC oversees the DfT's assurance programme, reviews the Internal Audit strategy and the performance of both the Government Internal Audit Agency and external auditors. It assures that effective systems are in place for internal control, financial reporting, governance, assurance, and risk management.

Executive Committee (ExCo)

Chair: Permanent Secretary
Frequency: at least fortnightly
Steers the Minister's strategic vision; maintains a strategic oversight of and provides scrutiny to the Department's policies and delivery commitments, and takes key management decisions across the Department

- People Committee
- Strategy Committee
- Group People Committee
- Risk Committee
- Security & Resilience Committee

Investment Portfolio and Delivery Committee (IPDC)

Chair: Permanent Secretary
Frequency: every two weeks
IPDC considers advice to Ministers on economic, financial and commercial decisions across the Tier 1 Portfolio of programmes and projects, at all stages of the project lifecycle

Commercial Assurance Board

Tier 2 Investment Committees

- Rail Investment Board.
- High Speed Rail/Major Projects Investment Board.
- Combined Tier 2 Investment Board.
- Local Transport Investment Committee.

Nominations Committee

Chair: Lead Non-Executive Board Member (Ian King)
Frequency: approximately 3 times per year.
The Nominations Committee has an advisory role focussing primarily on ensuring the Department has the capability to deliver and plan the current and future needs for talented people in both the Department and its Arms-Length Bodies. It provides scrutiny of both DfT Executive appointments, as well as, DfT and Arms-Length Bodies Non-Executive appointments by ensuring appropriate succession planning is in place to meet the needs of the Department and Ministers.

DfT Board and its responsibilities

The Secretary of State for Transport chairs the DfT Board. The Board has oversight of five main areas, as outlined in the tables below.

It advises and challenges on our strategic direction and on the operational implications and effectiveness of our portfolio. The Board operates by delegating advisory responsibilities to several of its sub-committees and retains accountability for our public bodies. The Board achieves all of the above by drawing on the commercial, operational, and political expertise of its members, which comprise of ministers, civil service leaders, and NEBMs.

The Corporate Governance in Central Government Departments: Code of Good Practice requires the DfT Board to meet at least quarterly. During 2024 to 2025, the Board met twice, which was primarily due to the general election and the impact of political changes in the year. A summary of the discussions during 2024 to 2025 is provided in the tables below.

Responsibilities of the Board		Topics Discussed
Strategy	Setting the Priority Outcomes and ensuring activities contribute towards them and advising on major policies, projects, and programmes.	• DfT is developing and will publish an Integrated National Transport Strategy to set out the Secretary of State's vision for how transport should be designed, built and operated in the future, putting the people who use it at its heart.
Resources	Ensuring sound financial management and considering the appropriate allocation of DfT resources.	• A management information report is shared with the Board for each meeting. The pack provides an overview of performance, DfT's financial position and risks, along with milestones and delivery of DfT's portfolio, resourcing and workforce allocation and updates on secondary legislation. • Certain aspects of risk were delegated to ExCo (including the Executive Risk Sub-Committee) and GARAC conducted a series of deep dive reviews of key risks.
Capability	Ensuring DfT has the capability to deliver and ensuring DfT plans to meet current and future needs.	• The management information report provides an overview of DfT resources and capabilities. • Many of the strategic papers also cover relevant capacity and capability issues.
Risk	Reviewing the risk appetite, reviewing key DfT risks and, ensuring controls are in place to manage risk	• Certain aspects of risk were delegated to ExCo (including the Executive Risk Sub-Committee). • A risk overview is provided to the Board via the management information report.

Responsibilities of the Board		Topics Discussed
Performance	Scrutinising the performance of DfT, setting standards and values	• DfT operates within a strategic model which outlines the Government's Missions, DfT's internal work to contribute to these, DfT measures performance through this model.

Compliance with HM Treasury's Corporate Governance Code

DfT has assessed its compliance with the Corporate Governance Code for Central Government departments and has remained compliant with the spirit and principles of the code.

Board Effectiveness Evaluation

DfT is required under HMT's corporate governance code to carry out a Board Effectiveness Evaluation annually, with independent input at least once every three years. The last independent evaluation was conducted in March 2022. Due to the general election and subsequent changes to Board membership, DfT undertook a light touch review for 2024/25, with an external review taking place in 2026, once the new DfT Board is more established.

For 2024 to 2025, DfT undertook an internal board effectiveness evaluation, the results of which will help continue DfT's commitment to continuous improvement of its corporate arrangements. The board effectiveness highlighted the following areas of focus:

- Enhancing the relationship between DfT (and Board) and its ALBs.
- Further improving the DfT Board's strategic oversight and direction setting with progress regularly reviewed against the ODP.
- Taking a holistic view of governance to ensure increased NEBM engagement across the governance landscape.

Overview of the Board's Subcommittee Decisions

Executive Committee (ExCo)

The committee met 31 times and held 12 deep dive sessions during 2024-25. Discussions around key areas included:

Key Area	Discussions
Growth	• Network North lessons learned. • Bus Strategy. • Winter Resilience. • Local Authorities and Devolution – DfT's role.
Improving Transport	• Integrated Ticketing Improvements. • Rail Reform. • Connected Vehicles. • Integrated National Transport Strategy. • Local Authorities and Devolution – DfT's role.
An Excellent Department	• Re-imagining DfT (Corporate transformation). • Workforce Planning and Workforce Review. • Strategic Workforce Review. • People Strategy. • Staff Networks. • Strategic Questions – approach to prioritisation. • General Election Planning. • Great Minster House – accommodation redesign. • Voluntary Exit Scheme. • Pay Award for Delegated Grades. • One Big Thing. • Project Delivery Change Programme – update and future priorities. • 2024-25 Budget and 2025 Spending Review. • DfT's public bodies reviews. • People Survey. • DfT Departmental Health and Safety. • Internal Communications Plan. • DfT Organisational AI Programme.

Key Area	Discussions
	• Environmental Principles inclusion into DfT governance processes. • DfT locations and Places for Growth. • Diversity and Inclusion Strategy. • Ethnicity and Gender Pay Gap reporting. • Workplace attendance implementation review. • Priority Projects Team update. • Annual Principal Risk Review. • Six-monthly legal updates. • Annual Report and Accounts 2023/24. • Annual Report and Accounts 2024/25 planning. • Monthly Management Information reports. • Monthly reports from ExCo's sub-committees. • Legal updates. • Appraisal Priorities and Modelling Strategy. • Performance deep dive. • Horizon Scanning for future changes in the Transport System. • Management Assurance. • Strengthening Delivery Through Effective Public Body Sponsorship.
International	• EU Entry and Exit system, Borders and Resilience.
Safety and Security	• Quarterly Security Briefings. • Transport Safety Review. • Transport Resilience.
Science, Innovation, Technology and Data	• Research and Development priorities. • Analysis strategy. • Transport AI strategy. • Transport network performance reporting – improvements. • Transport Resilience Strategy and Capabilities assessment. • Cross Function Analyst Review.

Nominations Committee

The committee met three times between April 2024 and March 2025 and discussions around key areas included:

Discussions
• Public appointments updates and recruitment activity.
• General Election planning and Strategic Risks.
• Review of Arm's Length Bodies' Board Effectiveness Reviews.
• DfT Board Effectiveness Review – results and analysis.
• Public appointments update (recruitment activity, events and risks).
• Non-Executive Directors induction/engagement improvements.
• Voluntary Exit Scheme.
• Chair capabilities and Board Effectiveness and expectations.
• Public bodies chairs – Onboarding and Acclimatisation.
• Public Appointments Diversity Engagement Group.

Group Audit and Risk Assurance Committee (GARAC)

Between April 2024 and March 2025, GARAC met seven times. In these meetings, the committee covered:

Discussions
• Government Internal Audit Agency (GIAA) updates.
• National Audit Office (NAO) updates.
• Update on use, benefit and and risk of generative AI.
• IT Back up processes.
• Annual Report and Accounts planning.
• Risk and risk management updates.
• Senior Civil Servants Declaration of Interests.
• Portfolio Risk Management update.
• Management Assurance – second line of defence.
• Business Appointment Rules.
• Shareholding and its interaction with policy and ALBs.
• Climate Risk update.
• Updates on the Unity Programme (Shared Services).

GARAC also held a deep dive on DfT's climate risk.

Investment Portfolio and Delivery Committee (IPDC)

The committee met 28 times between April 2024 and March 2025. Meeting on a regular basis enabled the assurance and controls to be maintained on decisions for investments and other financial interventions. This also ensured that business cases were considered in a timely manner and that the review of procurement activity across several different areas was maintained regularly throughout the year. The committee oversaw DfT's project portfolio and scrutinised projects during the business case preparation and delivery phases as well as considered lessons learnt.

IPDC also met quarterly as part of 'portfolio mode', which reviews the future pipeline of investments and evaluation of implemented projects, as well as monitoring the progress and performance of the projects during implementation and ongoing evaluation of their impact. The committee continues to develop its portfolio management approach with increasing focus on the balance and deliverability of the portfolio.

Projects considered and programmes considered by IPDC during 2024 to 2025 included:

Key Area	Discussions
Rail Projects	• Southeastern rolling stock procurement. • TransPennine Route upgrade – Train Operator Outline business case. • Alstom – Funding for up to 10 Elizabeth Line trains. • Midland Main Line – Full Business Case delay update. • Northern rolling stock – proceed to Invitation to Negotiate. • Southwestern rolling stock – direct awards contracts for fleets. • East Midlands Railway and Great Western Railway – investment proposals for additional rolling stock. • Transport for London – Elizabeth Line rolling stock procurement.
High Speed 2	• Euston Quarter Programme – Interim Delivery Outline Business Case. • Curzon Street contract management and risk. • HS2 Phase 2 – Performance Management Baseline for Closure. • HS2 Rail Services Contract Award. • HS2 Rail System Contract Award. • Euston Delivery model.

Key Area	Discussions
Road	• M5 Junction 9 and A46 (Ashchurch) Transport Scheme – Strategic Outline business case. • A303 Amesbury to Berwick Down (Stonehenge) updates and project close down. • A428 Black Cat to Caxton Gibbet improvements. • Project Harrier – Motorway Services Area – leases. • Legacy Concrete Roads Reconstruction framework. • Lower Thames Crossing. • National Emergency Area Retrofit.
Other Investment Decisions	• Trinity House Patricia Vessel Replacement project. • National Parking Platform. • South Yorkshire Mass Transit. • National Highways – National Roads Telecommunication Service – Strategic Outline Business Case and Outline Business case. • West Yorkshire Mass Transit – Strategic Outline Business Case. • Manchester and North-West Transformation Programme – Governance approach. • Unity Programme Business Case. • Sevington Inland Border Facility – Strategic Outline Business Case and strategic plan. • Transport for London's FY25/26 – capital funding. • Evolve DVLA – update. • Wednesbury to Brierley Hill metro extension – full business case. • Public Ownership Transition Programme.

Overview of the Board's Subcommittee attendance up to 31 March 2025

Board Member	DfT Board	Executive and Non-Executive Meeting (ENEM)	Executive Committee (ExCo)	Group Audit and Risk Assurance Committee (GARAC)	Investment Portfolio & Delivery Committee (IPDC)*1	Nominations Committee (NomCom)
Rt Hon Heidi Alexander	1/1	N/A	N/A	N/A	N/A	N/A
Rt Hon Louise Haigh	1/1	N/A	N/A	N/A	N/A	N/A
Lord Hendy of Richmond Hill	1/2	N/A	N/A	N/A	N/A	N/A
Lilian Greenwood MP	2/2	N/A	N/A	N/A	N/A	N/A
Simon Lightwood MP	1/2	N/A	N/A	N/A	N/A	N/A
Mike Kane MP	1/2	N/A	N/A	N/A	N/A	N/A
Ian King	2/2	4/4	1/1	N/A	25/29	3/3
Tony Poulter	2/2	3/4	1/1	N/A	25/29	N/A
Richard Keys	2/2	3/4	N/A	7/7	N/A	N/A
Tracy Westall	2/2	4/4	N/A	5/7	N/A	3/3
Dame Sarah Storey	2/2	3/4	N/A	N/A	N/A	N/A
Dame Bernadette Kelly DCB	2/2	3/4	27/31	2/7	7/13	3/3
Jo Shanmugalingam	2/2	3/4	25/31	N/A	11/13	3/3
Alex Hynes	2/2	4/4	24/26	N/A	25/29	N/A
Nick Joyce	2/2	4/4	30/31	6/7	29/29	2/3
Emma Ward	1/2	2/4	23/31	N/A	22/29	N/A
Conrad Bailey	2/2	3/4	27/31	N/A	21/29	N/A
Rannia Leontaridi	2/2	4/4	25/31	N/A	9/13	N/A
Alan Over	1/2	4/4	28/31	N/A	25/29	N/A
Richard Goodman	1/1	N/A	3/3	N/A	N/A	N/A

* There was a change in the 'core' membership of Investment Mode IPDC starting from November 2024. The current core members of IPDC within the list include Nick Joyce (who now chairs investment mode IPDC), Alan Over, Emma Ward, Alex Hynes and Richard Goodman. All DGs attend IPDC when it meets in 'portfolio' mode. Non-Core members of IPDC may attend IPDC when there are items of interest. This accounts for slightly lower attendance numbers for 'non-core' IPDC members. This is represented by the core different totals for 'core' members (29) and 'non-core' members (13).

Governance of public bodies

Public body reviews

DfT is committed to ensuring that all its public bodies are strategically aligned to ministerial priorities and that they continue to deliver high quality public services and provide excellent value for money to the taxpayer.

Public body reviews play a key role in helping DfT achieve this by assessing the efficiency and efficacy of a body together with the robustness of the governance and accountability arrangements to ministers and Parliament.

In 2024-25, DfT completed a review of the DVLA and published the report in November 2024. An internal review of the DfT's AIBs was also completed in April 2025. A review of the DVSA is due to be completed in summer 2025.

Diversity in public appointments

The DfT strategy for diversity in public appointments aims to improve data, attract more diverse talent, develop a more inclusive application processes, and provide more ongoing candidate support. Progress has been made in all these areas, and the diversity strategy has been refreshed to build on our successes and make further improvements from 2024 to 2026.

From data captured in March 2024, 30% of board members in DfT's public bodies were female, and 11% were from ethnic minority backgrounds (as a percentage of all incumbents). In line with government aspirations, DfT continues to work to improve diversity in public appointments and now collects more comprehensive diversity data on current appointees, including regional and socio-economic data, to build a fuller picture of the diversity of our public appointments. As of March 2025, of all (193) DfT public appointees:

- 23.8% are female.
- 13% have declared a disability.
- 12.4% are from an ethnic minority background.
- 30% reside outside of London and the Southeast.
- 30.1% are aged 55 to 64.

As part of the updated diversity strategy, DfT has taken significant steps to attract diverse talent to public appointment roles. This includes working with diversity organisations to promote roles; partnering the Boardroom Apprentice Programme with DfT host boards; delivering information events and webinars for potential candidates; providing application and interview top tips; widening our candidate talent pool and enhancing communication; building a diverse list of Independent Panel Members (IPMs); and permitting candidates to submit their supporting statement in different formats to present themselves most ably.

In 2024, DfT implemented a Public Appointments Diversity Engagement Group which meets quarterly and is chaired by a DfT NEBM as DfT's Public Appointment Diversity Champion. Group Members included chairs, non-executive directors, and executives from across DfT's public body portfolio who share learning and best practices and provide ideas to help DfT to improve diversity in public appointments while keeping the importance and benefit of diversity in our public appointments alive and current.

Ministerial Direction

There were no ministerial directions during 2024 to 2025.

Declarations of Interest

In December 2024, DfTc updated its Outside Interest policy and guidance to include declaration of political interests to reflect the latest changes to the Cabinet Office guidance on Declaration and management of outside interests.

For the 2024 to 2025 SCS annual confirmation of declaration exercise, all DfTc SCS were invited to use the online tool (Declaration of outside interest Application) to record their return with the option to update any existing declaration or make a new declaration for review, assessment, and approval / sign-off by the appropriate senior manager. The SCS in the executive agencies continue to manage their annual confirmation of declaration exercise offline. However, details of all the SCS with outside employment, work, or appointments (paid or otherwise remunerated) are centrally collated, scrutinised and signed off by DfTc Permanent Secretaries and published. DfTc's NEBMs declaration is noted below:

Name	Name of Company or organisation	Position held in DfT	Type of interest (e.g pay, fees, shareholding)	Other relevant information
Ian King	Ashtead Group Plc	Lead DfT NEBM	Shareholding	
	Breedon group		Shareholding	
	Morgan Sindall group		Shareholding	
	Brewin Dolphin investment funds. Managed by a third party		Shareholding	
	AIM investment funds. Managed by a third part		Shareholding	
	Cherished investments. Covers BAE systems, Schroders and Senior			
	Ashtead Group Plc		Shareholding	
	HS2 Ltd		Special Director	
	HS2 Ltd		Non-Executive Director	
	Senior Plc		Chair	
	Schroders Plc		Senior Independent Director	
	Gleacher Shacklock LLP		Senior Adviser	

Name	Name of Company or organisation	Position held in DfT	Type of interest (e.g pay, fees, shareholding)	Other relevant information
Richard Keys	Merrill Lynch International	DfT NEBM and GARAC Chair	Non-Executive Director	
	AWE plc		Non-Executive Director	
	Worshipful Company of Glaziers and Painters of Glass		Assistant; member of the Court	
	Institute of Chartered Accountants in England and Wales		Fellow	
	Pension and ISA investments in a wide range of funds managed by a third party. Decisions on investments largely made by third party		Shareholding	
Tracy Westall	Westmill Solutions	DfT NEBM	Shareholding	
	Westmill Solutions Limited –		Director	
	WM5G Limited		Chair	
	Zaizi Limited –		Non-Executive Director	
	Agena Limited		Non-Executive Director	
	Curium Solutions Trustee Limited		Trustee	
Tony Poulter	Investments in a wide range of funds managed by third parties.	DfT NEBM	Financial	
	GBRTT Ltd		Non-Executive Director	
	London and Continental Railways (LCR) Property Limited		Special Director	
	Cubico Sustainable Investments Ltd		Non-Executive Director	
	Civil Service Commission		Civil Service Commissioner	
	State Honours Committee		Member	
	Oxford University Finance Committee		External Member	
Dame Sarah Storey	Greater Manchester Combined Authority	DfT NEBM	Active Travel Commissioner	
	Manchester Metropolitan University		Visiting Professor	
	Lancashire Cricket Club		President	
	Personal		Member of British Cycling	

Special Advisers

In line with the current declaration of interests policy for special advisers, all special advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. The Permanent Secretary has considered these returns, and there are no relevant interests to be published.

Business Appointment Rules (BAR)

The business appointment rules (BAR) process is in place to uphold and protect the core values of the Civil Service Code if a former civil servant takes up an external appointment or employment (which includes civil servants at all grades and special advisers). The rules apply for up to two years after an employee has left our employment. The purpose of the rules is to address any reasonable concerns that a new employer might gain an improper advantage by appointing a former official and the risk of a former official improperly exploiting privileged access to contacts in government.

During the 2024 to 2025 reporting year, DfT received 11 Business Appointment Rules applications from employees leaving the SCS including Special Advisors to join external organisations. There were zero applications received at SCS2, SCS1 or below SCS which were deemed unsuitable for the applicant to take up the new role with the new employer without conditions being in place. Decisions on Business Appointment Rules applications for SCS3 and above remains with the Advisory Committee on Business Appointments (ACOBA).

Number of BARs applications assessed by DfT in 2024-25

Grade	Applications
SCS2	**2 applications received**
SCS1	**2 applications received**
Special Advisers	**7 applications received**
Below SCS	**16 applications received**

Number of BARs application approved by DfT with conditions set in 2024-25

Grade	Applications
SCS2	**1 application**
SCS1	**2 applications**
Special Advisers	**6 applications**
Below SCS	**12 applications**

There have been zero reported breaches of the business appointment rules during 2024 to 2025.

In compliance with BARs, DfT is transparent in the advice given to individual applications for senior staff, including special advisers. Advice regarding specific business appointments for members of the SCS has been published. GARAC also receive a bi-annual paper on business appointment rules, to monitor DfT's application of the rules.

DfT's Approach to Risk

DfT's risk management policy promotes a no surprises, no blame culture, where well managed risk taking is encouraged and managers are asked to lead by example. Risk management behaviours should be embedded into all Departmental activities. DfT's leadership understands that considered and well-managed risk taking is necessary to deliver organisational objectives.

As a result, there is regular monthly reporting of the group's top risks to ExCo and additional reporting to ENEM and the DfT Board. The Executive Risk Committee conducted a deep dive of a specific Principal Risk and of a group's risk management framework and top risks.

During the year, DfT reviewed and further developed the Principal Risks, which now consider the wider impact to the Transport System and delivery against the Government's priorities, as well the reporting of the same to senior management. The purpose has been, and continues to be to update, clarify and clearly identify DfT's top risks. These risks were managed and mitigated throughout the year and will continue to be updated.

DfT also reviewed and updated its risk policy which included much clearer guidance around the definition and use of risk appetite and tolerance, and risk escalations. DfT now has 17 risk themes which align with the Orange Book risk categories and align with DfT's Principal Risks.

There is no Principal Risk specifically on legal risks, however DfT is mindful that its projects and programmes can attract legal challenge, and it is important that DfT operates within the law. Legal risks are assessed, monitored and mitigated project by project and programme by programme and DfT takes appropriate measures to meet legal or regulatory requirements or to protect our assets.

DfT is fully engaged on cross government improvement work to strengthen risk management – DfT's Principal Risks align closely to those managed by the Civil Service Board.

DfT recognises that many risks are carried by its public bodies and works with them to ensure that risks are widely understood, and opportunities are taken to collectively manage them. The risk escalation protocol continues to give direction to the public bodies on what they need to escalate to DfT and when. DfT works with them to ensure that risks are widely understood, and opportunities are taken to collectively manage them.

The reporting year has again brought many challenges and as a result, DfT has continued to deliver its risk action plan to further address and strengthen risk management. This plan was agreed and supported by the Executive Risk Committee (incorporating departmental risk champions). Key elements of the plan included more consistency with how risks are managed by the top boards, strengthening the feedback loops across the whole department and renewing the commitment to build staff capability. Increased, dedicated, risk management training for all staff where appropriate will continue to be taken forward during the coming year.

His Majesty's Treasury Orange Book Principles – Comply or Explain

For 2025 DfT has been given a 'Moderate' rating from GIAA.

DfT's risk management practices fully comply with four of the five requirements of the Orange Book's principles. Although the four principles A, B, D, and E are fully compliant, DfT have identified actions that would ensure continuous improvement and further mature our risk management culture, processes, and effectiveness. Principle C is partially complied with, and DfT plan to make improvements and aim to achieve full compliance for next year's statement. Details of how DfT will achieve this can be found below.

Principle A – Risk management shall be an essential part of governance and leadership and fundamental to how DfT is directed, managed and controlled at all levels

DfT fully complies with 'Principle A'.

Senior management regularly discuss both emerging risks and Principal Risks at the group-level with a clear escalation path to ExCo, and the DfT Board. This, along with regular deep dives at the Executive Risk Committee and GARAC, actively shapes DfT's strategy and ensures regular reviews take place.

DfT's risk appetite statements and policy have been signed off at multiple governance levels (Risk Committee, ExCo, and GARAC), while over 1,000 staff have undergone relevant training, emphasising senior leaders' visible engagement.

Transparent lines of risk ownership, bolstered by letters of delegation and a dedicated central risk function, further solidify accountability. DfT also undertakes periodic reviews of its policy, incorporating feedback loops via various risk forums. Although there remains scope to clarify public body escalation paths and risk ownership, evidence of leadership, active risk culture, and alignment with Orange Book guidance underpins DfT's compliance with this principle.

Principle B – Risk management shall be an integral part of all organisational activities to support decision making in achieving objectives

DfT fully complies with 'Principle B.'

Risk management is a consistent element of decision-making processes, including monthly and quarterly governance reviews and portfolio-level appraisals. Important steps such as the monthly reporting cycle, DfT's central Risk Management system categorisation functionality, and the use of the National Risk Register and National Security Risk Assessment show DfT's commitment to systematic horizon scanning and alignment with civil contingencies.

Staff training, policy workshops, and the identification of risk interdependencies at the Executive Risk Committee underline that risk is considered both in day-to-day operational choices and in shaping medium-term strategy.

While some refinements remain – for example, further embedding risk analyses at the earliest appraisal stages across the portfolio – DfT clearly treats risk as a central and integrated part of driving outcomes.

Principle C – Risk management shall be collaborative and informed by the best available information and expertise

DfT partially complies with 'Principle C.'

In DfT's efforts to continually improve, a risk maturity assessment was conducted which provided greater evidence to draw on when assessing DfT's compliance with the Orange Book's principles. As such, it has now been determined that while risk approaches with partners (particularly public bodies) are developing, they are not yet consistently implemented or fully matured. This provides explanation as to why the status of this principle has shifted from 'fully complies' to 'partially complies' since 2023-24 Annual Report and Accounts.

To strengthen compliance going forward, DfT has set out a series of improvement actions to enhance engagement with external bodies. These include streamlining governance processes, embedding cross-cutting risk data sharing to improve timeliness and consistency, and enhancing feedback mechanisms.

Principle D – Risk management processes shall be structured to include:

- The selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level.
- Risk identification and assessment to determine and prioritise how the risks should be managed.
- The design and operation of integrated, insightful and informative risk monitoring.
- Timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

DfT fully complies with 'Principle D.'

Annual reviews of the Principal Risks at ExCo, a clear risk framework, business continuity tests, and an evolving toolkit (e.g. bowtie analysis, workshop templates, and enhanced Risk Management system functionality) foster consistency in how risks are managed and reported. These all ensure that the appropriate risk mitigating actions are implemented and clearly outline when risks should be escalated.

The frequency of risk reporting remains aligned to the general level of risk. ExCo and Group Boards undertake monthly risk reviews, while at a portfolio level, IPDC conduct similar assessments quarterly. These, alongside new training initiatives and deep dive sessions, drive continuous refinement and ensures that the right level of risk data is reviewed at the appropriate time to inform decision-making.

DfT's systematic, wellstructured approach demonstrates robust risk management processes.

Principle E – Risk management shall be continually improved through learning and experience

DfT fully complies with 'Principle E.'

A strong culture of continuous improvement and structured learning is underpinned by a growing emphasis on lessons learnt, risk maturity assessments, and comprehensive training programmes for over 1,000 staff. Structured review points, such as those conducted through IPDC, annual compliance surveys, and ongoing GIAA assurance, ensures that feedback is promptly acted upon. The most recent maturity survey concluded that there is a core group of sufficiently skilled individuals who can drive, embed, and improve risk management across DfT.

Moreover, dedicated risk forums, along with newly refined training (for instance, Risk Appetite and Tolerance, and Bowtie analysis), underscore a transparent and collaborative culture of continual learning.

DfT's two-pronged risk maturity approach, combining the Orange Book Risk Control Framework with HMT's Risk Management Assessment Framework, has systematically highlighted further improvements. These feed into an ongoing 'Risk Action Plan,' enabling the Department to continually improve its risk management maturity.

Overall, these measures demonstrate that DfT's risk management practices are routinely refreshed, embedded, and refined.

Principal Risks

DfT has identified principal risks covering the following areas: affordability, projects/programmes, environmental, people capacity, capability and wellbeing, cyber, strategy, commercial, border delays, infrastructure health, and operational performance.

Earlier this year, the Executive Committee reviewed the DfT Principal Risks. Following the review, it was agreed that the Principal Risks should place greater emphasis on the wider impacts to the Transport System and delivery against the Government's priorities. Other key changes made were:

- The DfT 'Environmental' risk was disaggregated, with adaptation being addressed in the 'condition of the transport infrastructure system' risk.
- The scope of the 'Capability and Capacity' risk was expanded to include the DfT public bodies (excluding the notable organisations).
- The 'Commercial' risk was removed as a Principal Risks and continues to be monitored within the DfT Risk Framework.
- A new Principal Risk was identified to reflect the risk to the performance of the Transport System. As a new Principal Risk, the full scope and mitigating actions of this risk are being developed.

These risks and associated mitigating actions are summarised in the table below. Due to changes in their scope, direct comparison of those risks and mitigations with prior year disclosures would not be meaningful.

In addition to the Principal Risks noted below, DfT has also managed risks on 'Security, Resilience and International Crises' and 'Cyber threats' and the impact on the transport systems, but due to the security sensitivity, their disclosures have not been disclosed.

Principal Risk	Mitigating Actions
Affordability Drivers and assumptions for costs and revenues deviate from plan without being addressed, leading to a mismatch between the Department's delivery commitments and priorities and the funding available to deliver these.	The Autumn Budget set Departmental budgets for 2024-25 and 2025-26 and were translated into an agreed Departmental Business Plan for 2025-26. DfT maintains processes in-year to monitor the Department's financial position and address any affordability concerns. In 2024-25 this included requiring Finance Centre of Expertise clearance for all advice that would impact spending, monthly internal reforecasting compared to budget, and quarterly review points at senior level internally, continued with the periodic review points with HMT to consider the latest affordability picture and any risks and opportunities. Given the tight fiscal constraints, the quarterly reviews of in-year forecasts were key to ensure they were as robust as possible. SR Phase 2 has now agreed the Department's medium-term funding. The settlement aligns delivery plans and forecast funding, albeit (inevitably given the settlement looks out over four year) it also has risks, such as forecast inflation. DfT will need to use the annual Business Planning process to ensure plans and funding remain aligned, and would expect to continue the in-year financial management approach that has proved valuable over the last 12 months.

Principal Risk	Mitigating Actions
Projects/ Programmes That major projects and programmes in the DfT portfolio are not delivered to schedule, cost, and/or quality, undermining the achievement of government priorities.	In addition to the core DfT Portfolio & Project Delivery function that leads on investment governance arrangements, assurance, and the project delivery profession, DfT delivers a rolling programme of improvement activities to advance project delivery policies, processes, governance arrangements and capability. Following endorsement of the most recent 12-month plan, priorities have included the new DfT project initiation approach from 1 April 2025, strengthening technical capability within project teams, and setting our principles of good sponsorship of projects and programmes. The IPDC discussed a cross-departmental achievability assessment as part of the SR decision-making, and the resulting recommendations were factored into the SR advice to the Secretary of State and SR bid to HMT. This management of delivery risks through the SR was an important factor as DfT work to improve the delivery confidence of it's portfolio of projects and programmes.
Environmental The Department does not act to sufficiently reduce greenhouse gas and air pollutant emissions from vehicles (all modes) in line with agreed targets and as required by law.	DfT implemented the Zero Emission Vehicle mandate in January 2024 – the largest carbon-saving measure across government. The certainty provided by the ZEV mandate is facilitating private sector investment in the transition. DfT is also implementing changes across modes that will support in the reduction of pollutants. For example, in March 2024, DfT announced that a further 25 LTA had successfully secured up to £142.8 million of ZEBRA 2 funding In January 2025, the UK's SAF Mandate became law, requiring 2% of jet fuel to be SAF (rising to 10% by 2030). Cars and vans: • The ZEV mandate sets targets for a percentage of manufacturers' new car and van sales to be zero emission each year. • DfT consulted on the end-sales date for cars solely powered by internal combustion engines and has published the response which reaffirms the Government's commitment to ending the sale of new internal combustion engine cars by 2030, with a requirement for all new cars and vans to be fully zero emission by 2035. The response also clarifies the technology and emissions reduction standards that will apply post-2030. • Grants are available towards the installation of EV chargepoints and infrastructure at eligible residential properties and workplaces. • The Renewable Transport Fuel Obligation (RTFO) underpins use of low carbon fuels and has delivered the bulk of transport's emissions savings to date. DfT are undertaking a review of the RTFO, informed by a call for evidence. HGVs: • The £200m ZEHID programme focusing on larger HGVs (40-44 tonne) will deploy hundreds of ZE HGVs and their associated recharging and refuelling. Aviation: • The SAF Mandate sets a legal obligation on fuel suppliers in the UK to supply an increasing proportion of SAF over time. This will be supported by a Revenue Certainty Mechanism to drive investment in SAF production in the UK. Maritime: • DfT published the Maritime Decarbonisation Strategy (MDS). Following publication, DfT will develop policies set out in the MDS, including through a consultation on fuels regulation.

Principal Risk	Mitigating Actions
	Rail: • Decarbonising the railway with major electrification programmes including the TRU and the Wigan-Bolton line. Buses: • DfT is taking forward a bill measure that will seek to end the use of new non-zero emission buses on registered bus services in England, excluding London and franchised areas on a date not before 2030. Reduce air pollutant emissions from vehicles: • Decarbonisation will improve air quality, as electrification of road vehicles will tackle the largest contributor to domestic NOx emissions within the transport sector. However, this will not tackle non-exhaust emissions such as from brake and tyre wear and road abrasion. DfT is in the final phase of a 4-year research project to better understand the measurement and control of brake and tyre wear emissions, including from electric vehicles. The Government is legally mandated to deliver compliance with NO2 concentration limits in the shortest possible time. DfT in partnership with the Defra has provided more than £550 million to help local authorities to develop and implement measures to address their NO2 exceedances.
People Capability and Capacity The Department or its public bodies do not have the capacity and/or capability to; deliver its priorities and objectives across all modes and sectors; or minimise industrial action.	DfT's three-year plan aims to: improve future leadership and professional skills through yearly talent programmes, a 'Foundation Line Manager' programme and a SCS leadership training offer 'Elevate'; develop career pathways and get a new apprenticeship provider and 'Commercial Apprenticeship Route' offer and launch a new mentoring platform. DfT has also improved workforce planning practices such as regular reviews and forecasts; made a Strategic Workforce Plan focused on recruitment and retention, skills development and an agile workforce. Looking ahead, DfT will work with public bodies to develop robust processes to capture senior capacity and capability risk information. Early work is underway to build relationships and gather high-level data to shape a clearer risk profile across the wider department. This approach reflects our commitment to proactive risk management and to ensuring DfT has the right people, skills, and structures in place to deliver effectively.
Strategy The Department does not adequately anticipate or plan for future technological developments in the transport system, resulting in ineffective decision making and an incoherent transport landscape.	DfT has explored geospatial artificial intelligence 'Foundation Models,' to identify opportunities and barriers to understand how the technology could benefit transport. DfT has also examined how futures techniques can support preparation of possible future micromobility legislation, and published the Transport Adaptation Strategy Monitoring and Action Plan. Looking ahead, work will continue to build broad futures capability and embed the consideration of impactful uncertainties into analysis from the beginning of the policy and project cycles. A key focus for this will be on setting an overarching Technology Strategy and engaging more widely with other government bodies and ALBs. Setting overarching Technology Strategy to manage the T(technology) of PESTEL and understand the cascading effect of T in the other elements.

Principal Risk	Mitigating Actions
Property Failure to maintain the condition of the transport infrastructure system to a sufficient level, including to adapting to climate change, results in infrastructure degradation and the increased risk of experiencing asset failures.	DfT gave local highway authorities long-term funding awards, including £150 million of additional capital specifically for upkeep, providing enhanced security to facilitate better planning for local road maintenance. On the strategic road network, National Highways utilised asset data and implemented a strategic, evidence-based approach for maintenance decisions and execution, making the best use of maintenance plans. For the rail network, the ORR provided oversight to Network Rail, ensuring they had suitable and balanced asset management plans in place to preserve condition. As part of the SR25 settlement, DfT agreed long-term funding certainty to support, not only, the renewal of assets, but also the maintenance of the national highways and local highway authorities' older structures.

Task Force on Climate-related Financial Disclosure (TCFD)

DfT has reported on climate-related financial disclosures consistent with HMT TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. DfT considers climate to be a principal risk and has therefore complied with the TCFD recommendations and recommended disclosures around:

1. Governance – recommended disclosures (A) and (B)
2. Risk Management – recommended disclosures (A) to (C)
3. Metrics and Targets – recommended disclosures (A) to (C)

This is in line with the central government's TCFD-aligned disclosure implementation timetable for Phase 2. DfT plans to provide recommended disclosures for strategy in future reporting periods in line with the central government implementation timetable.

DfT have where possible, estimated and disclosed the impact of climate change. Metrics and targets are derived from Defra and DESNZ and are primarily driven by the GGC. These targets are absolute ones and do not incorporate changes to the operations of the Department, such as intensifying periods of construction. Methodologies used for calculating risk and impacts differ across DfT. Due to the operational nature of DfT's ALB's individual methodologies are used to reflect different primary risks. For example the Tri-GLA light house boards, focus on methodologies which assess the impact of extreme weather and sea level rise. These factors are only minimally considered within DfTc's approach given the majority of the estate is inland. KPIs are incorporated into DfT contracts, these KPIs reflect the targets set by Defra and DfTs commitment to Net Zero. DfT suppliers must be able to support our emissions reductions targets and, where possible, set their own ambitious targets which exceed DfT's.

Governance recommended disclosures (A)

DfT Board's oversight of climate-related issues

The DfT Board receives updates on the progress made in managing DfT's Principal Risks, which also includes those related to climate change.

GARAC, a sub committee of the DfT Board, oversees the DfT's assurance programme, reviews the Internal Audit strategy and the performance of both the Government Internal Audit

Agency and external auditors. It ensures effective systems are in place for internal control, financial reporting, governance, assurance, and risk management.

All paper authors are expected to consider climate-related issues in relation to compliance with the Environmental Principles Policy Statement (EPPS) through the cover sheet when submitting papers to the DfT Board.

Governance recommended disclosures (B)

DfT management's role in assessing and managing climate-related issues

ExCo is the main overseer of climate related risks, ranging from climate risk and impact to and strategies to manage these risks.

ExCo members have also read the EPPS and consider the principles during their discussions.

DfT's climate-related principal risk is discussed at the Executive Risk Committee chaired by the Corporate Delivery Group Director General. At these meetings the committee conducts a deep dive on at least an annual basis, which involves reviewing the appetite and tolerance levels and providing challenges on the mitigating actions and whether they are suitable to maintain or get within tolerance.

DfT's climate related risks impact both operations and DfT policy. Whilst the ALBs directly manage their risks, they are accountable to DfTc ExCo and Permanent Secretary.

Recommended disclosure for Risk Management (A)

DfT's processes for identifying and assessing climate-related risks

DfT does not currently purchase any carbon credits, and emissions trading eligibility is currently under review. DfTc have estimated that the cost to decarbonise the DfTc office estate is approximately £92.1 million; this does not include DfT's commitment to the Government Fleet commitment. Due to the operational nature and level of infrastructure construction currently being undertaken by DfT's public bodies, it is unlikely that DfT group will be able to entirely decarbonise. DfT will begin to investigate the use and potential cost of carbon credits to offset these emissions but currently DfT's focus is on emission reduction activities.

DfT employs a robust process for identifying and assessing climate-related risks, aligning closely with HMT's Orange Book. Recognising the significance of these risks, DfT has developed a bespoke risk category: Carbon savings / air quality / biodiversity, for which it maintains an overall cautious appetite. To determine the relative significance of climate-related risks compared to others, DfT uses a reporting functionality for category-specific risk comparison.

DfT actively considers existing and emerging regulatory requirements related to climate change, such as the legally binding net-zero target by 2050 and five-yearly carbon budgets under the Climate Change Act 2008. It also considers the Environment Act 2021 biodiversity targets. Furthermore, DfT assesses other relevant factors, including climate change impacts (acute and chronic risks necessitating adaptation), biodiversity loss from infrastructure projects, technological transition, modal shift, and policy integration across government. This is underpinned by DfT's Risk Management Policy, providing a structured framework.

Stakeholder engagement with transport organisations also informs their understanding of these risks.

The assessment of the potential size and scope of identified climate-related risks involves evaluating both their likelihood and potential impact using a five-point scale. These scores are multiplied to provide an overall risk exposure score, assessed at inherent, current, and target risk levels. When documenting risks, DfT clearly articulates their cause, event, and consequences. Risks, including climate-related ones, are recorded and updated in DfT's internal risk management system. While aiming for consistency with defined criteria, DfT acknowledges the importance of informed judgement in the assessment process. The Risk Policy defines key risk terminology and grounds the framework in the Orange Book while also referencing British Standard ISO 31000:2018 and Axelos Management of Risk (MoR) guidance. This comprehensive approach ensures a consistent and well-understood method for identifying and assessing climate-related risks.

Recommended disclosure for Risk Management (B)

DfT's processes for managing climate-related risks

DfT fully complies with the requirements found in Disclosure B.

DfT primarily uses the Cabinet Office Estates Adaptation Framework as the basis for its climate risk assessments. This methodology involves screening sites for climate risk before completing a more in-depth assessment of sites where a potential risk is identified. Adaptation strategies and mitigation methods are then devised and are used to inform DfT's estate improvement project pipeline.

DfT has established processes for managing climate-related risks, embedded within its overall risk management framework. This involves decisions to mitigate, transfer, accept, or control these risks. These decisions, which form part of the risk treatment stage, depend on the nature of the risk, the risk assessment, DfT's risk appetite, and the cost-benefit analysis of potential actions. The four main approaches are to tolerate, treat (mitigate), transfer, or terminate the risk.

Prioritisation of climate-related risks is informed by their assessed significance, potential impact on objectives and outcomes, alignment with Priority Outcomes like Greener, Safer, Healthier Transport, and DfT's risk appetite.

Determining the materiality of climate-related risks aligns with TCFD-aligned disclosure application guidance and the FReM. Materiality is assessed based on whether the omission or misrepresentation of information could reasonably influence primary users' decisions, including Parliament and the public. This assessment considers legal and regulatory requirements such as the Environment Act 2021 and the Climate Change Act 2008, the identification of climate as a Principal Risk, its impact on Priority Outcomes, and the magnitude and scale of impacted activities.

Climate-related risks are managed using DfT's internal risk management system for recording, updating, and monitoring. Established escalation routes ensure significant risks receive senior-level attention. The management of these risks is integrated into DfT's overall risk management framework, aligned with the HMT Orange Book principles.

Recommended disclosure for Risk Management (C)

DfT's processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

DfT is federated, and the public bodies manage their climate-related risks in different ways depending on their operational requirements. DfTc, which primarily manages an office-based estate, manages climate risk alongside its Group Property risk portfolio, and these risks and adaptation strategies are focussed more on maintaining business continuity.

DfT integrates its processes for identifying, assessing, and managing climate-related risks into its overall risk management framework, as detailed in the sources. This integration ensures a consistent and comprehensive approach to addressing all uncertainties that could impact the achievement of DfT's objectives.

DfT's approach recognises that climate risk can exacerbate existing strategic risks, and therefore, are not considered in isolation but are integrated into DfT's strategy. DfT applies the same four main approaches for managing climate-related risks as it does for other risks: tolerate, treat, transfer, or terminate. By embedding climate-related risk management within its broader framework, DfT aims for good governance and the achievement of its strategic priorities in building a resilient and sustainable transport system.

Recommended disclosure for Metrics and Targets (A)

This section discloses the metrics used by DfT to assess climate-related risks and opportunities in line with its strategy and risk management process

DfT risk assessment methodology is based on tested methods developed by other government departments and seeks to address the following points:

- Existing vulnerabilities to weather related hazards.
- Whether existing vulnerabilities are likely to change over time.
- Additional vulnerability likely to arise in the future.
- The likely direct and indirect impacts on defence output.
- Actions and measures to build resilience into the defence function of the establishment.
- Any opportunities created by changes in climate.

Each area of risk is assessed for existing, medium- and long-term risk and integrates the Representative Concentration Pathways (RCP) scenarios. Hazards are categorised into the following broad areas: Drought, Flood, High Temperatures, Low Temperatures, Sea level rise, and other risks. The risk impact is then categorised as being focused on the following areas: Business Resilience, Infrastructure, Natural Environment and People. Each asset is comprehensively assessed, and a risk score is given. This risk score is then mitigated based on specific adaptations in place in buildings, such as the presence of pumps in basements or more general adaptations such as the ability of all staff to work from home if buildings are temporarily uninhabitable. These risks are managed in the same way as other building related risks, such as the assessment and repairs of buildings containing RAAC concrete.

Risk Category	Specific Risk	Risk Score Likelihood/ Impact	Mitigation	Post Mitigation Score Likelihood/ Impact
Drought/Flood	Based on RCP 8.5 Birmingham is expected to be 23% drier in the summer and 7% wetter in the winter. There is not watercourse flooding risk in the area, but surface water flooding is likely given the urban and non-permeable nature of the roadways and footpaths surrounding the building. There is a risk to business continuity and to the building fabric; there is a risk to building users if exit routes are blocked by surface water flooding. There is no risk to office fittings	3/5	All DfT staff based in Birmingham have the ability to work from home, which enables business continuity in the event of the office building closing. The building has an established evacuation process with multiple exit routes available. In particular, the exit routes at the rear of the building are on a slope and are unlikely to be subject to surface water flooding. The building employs a team of managers who are able to quickly remove water from the basement and foyer of the building in the event of water ingress. DfT occupy a non-ground-level floor, so there is no risk of damage to IT, office fittings or sensitive material. If the Colmore building became unusable it would take approximately six months to find and establish a new office base in Birmingham.	1/5

Table 1: Partial example of risk assessment for the Colmore Building, Birmingham

Core Risks identified

DfT are currently completing a full financial assessment which will indicate the total cost to DfT of the indicated climate risks. DfTc have estimated that the cost to achieve net zero on the central department estate alone will be £92.1 million. This estimate does include some mitigation measures which will limit the impact of climate change; however, this will not be sufficient to fully adapt to/mitigate the risks below.

Climate Risk	Potential Financial Implications	Adaptation Measures
Flooding (coastal and inland)	• Repair/replacement costs for damaged infrastructure. • Increased insurance premiums. • Service disruption.	• Elevate or relocate critical infrastructure. • Enhance drainage systems. • Implement flood barriers and resilient design standards.
Extreme heatwaves	• Rail track buckling and road surface damage Increased cooling costs. • Increased cooling requirement in buildings. • Risk to health for the workforce, particularly outdoor workers.	• Upgrade rail tracks to heat-resistant materials. • Use heat-resilient asphalt. • Install cooling systems in vehicles and buildings, including temporary ones.
Storms and high winds	• Damage to bridges, ports, airports, railways, and roads. • Emergency repairs. • Damage to office sites and temporary structures.	• Reinforce structures (e.g., wind-resistant bridges). • Early warning systems. • Vegetation management near transport lines. • Use established design protocols and climate risk assessments to ensure buildings are fit for purpose.
Sea-level rise	• Long-term coastal defence investments. • Potential relocation of assets.	• Build or strengthen sea defences around ports and coastal roads. • Strategic retreat from highly vulnerable sites.
Heavy rainfall and landslides	• Disruptions causing delays and maintenance costs. • Drainage upgrades needed.	• Improve drainage and culvert capacity. • Slope stabilisation works. • Install real-time monitoring systems.
Cold weather variability	• Increased snow clearance and maintenance costs. • Infrastructure damage.	• Invest in all-weather-resilient materials. • Improve weather forecasting and response planning.
Wildfires	• Transport disruption and potential infrastructure loss.	• Create firebreaks near critical infrastructure. • Use fire-resistant building materials. • Emergency response planning.
Supply chain disruptions	• Cost inflation and project delays.	• Diversify supply chains. • Develop domestic supply capabilities. • Maintain strategic material reserves.
Changes in public transport demand	• Revenue losses. • Need for new investments in resilient modes.	• Flexibly redesign transport services. • Promote active and resilient travel modes (cycling, walking, etc.).
Transition risks	• Stranded assets. • Upfront low-carbon investment costs.	• Proactively shift to electrified and low-emission transport. • Plan phased retirement of carbon-intensive assets.

Table 2: An example of the initial analysis completed, which is currently being further developed to include weighted density maps. An initial example of which can be seen below.

	Low Impact	Medium Impact	High Impact
Low Cost	Cold Weather Variability	Wildfires	Changes in public transport demand
Medium Cost	Supply Chain Disruptions	Heavy rainfall and landslides	Storms and High Winds
High Cost	–	Extreme Heatwaves	Flooding / Sea-level rise / Transition Risks

Table 3: Density map indicating the assessed impact level of the identified climate risks.

Recommended disclosure for Metrics and Targets (B and C)

B: DfT disclosers for Scope 1 and Scope 2 GHG emissions, and the related risks

C: These targets are used by DfT to manage climate-related risks and opportunities and performance against targets

DfTc report into the GHG targets, on behalf of DfT group and have incorporated these into the departmental Sustainability Strategy. DfT committed to an emissions reduction goal of 62% which DfT has met (Table 5). Whilst there has been a small increase in emissions between 23-24 and 24-25 DfT are still exceeding the Defra set emissions reduction target. The full GGC figures will be reported by Defra in the 24-25 GGC report; therefore, the figures included below are an abridged version. These emissions figures represent DfT's operations and estate and do not include the emissions from the wider transport network. DfT use DESNZ conversion factors to calculate the emissions based on the type of fuel/ energy and the quantity being used. DfT are working towards compliance with the Government Fleet Commitment but due to the very large fleet managed by the ALBs progress has been limited. Currently 4% of the DfT fleet are electric vehicles and 26% of the fleet is ULEV. DfTc and its ALBs have developed Electric Vehicle Transition Plans to detail the approach and timelines for meeting the 2027 target of 100% of the DfT fleet being EV.

Emission Type	KWh	Tonnes CO2e Year (24–25)	Tonnes CO2e Year (23–24)	Baseline Tonnes CO2e Year (24–25)	%
Scope 1 (Gas and Solid Fuels)	177,766,436.70	32,513	18,668		
Other Scope 1 (not travel, including fuels such as aviation fuel, kerosene, LPG and Marine Gas Oil)	30,476,24.78	2,270.45	3,249	3,643	
Scope 2 (electricity)	464,057,201.03	133,152			
Total	641,823,637.70	139,382.42	135,422.45	406,689	65.7% reduction

Table 4: 2024-25 emissions (tonnes) by scope

DfT group has also committed to targets to reduce DfT's waste production, paper and water use and business flights (Tables 6 and 7). DfT group will not meet the waste reduction goal, primarily due to several public bodies beginning or accelerating operations during the 2020 to 2025 reporting period. These public bodies include HS2 and East West Rail. DfT have significantly exceeded the target for water use reduction with an 86% reduction being recorded across the estate. It is not currently possible for DfT to calculate indirect water use accurately and it has therefore not been reported.

	Total Waste (tonnes)	Recycled	Landfill	Composted	Combustion with energy recovery	Water use (m3)
2024-25 waste	32,527.7571	21,360.6146	207.7245	313.9952	10,645.4227	307,373.7046
Percentage of total		65.67	0.64	0.97	32.73	

Table 5: Breakdown of waste production in 2024-25.

	Total Waste tonnes	% Sent to Landfill	% Waste Recycled	Total Water
Baseline (2017-18)	29,261	10.8%	49.3%	2,219,367
Targets	15% reduction	5% of total	70% of total	8% reduction
Result	11.16 % increase (target not met)	0.64% (target met)	65.67% (target not met)	86.15% (reduction target met)

Table 6: Breakdown of performance against waste targets in 2024-25.

These financial figures currently do not include Network Rail usage.

Energy/resource and potential emissions reduction cost	Actual and projected spend	Potential additional cost
24-25 Natural Gas	£2,963,168.71	
24-25 Electricity	£137,117,400.40	
24-25 Water	£38,925,450.30	
24-25 Waste	Not possible to define as part of facilities management contracts	
Predicted cost for DfTc to complete all works required for Net Zero		£92.1 million

Table 7: Financial Disclosures.

Defra use the 2017-18 year as a baseline for domestic flight use. In 2017-18 DfT internal flights produced 867 tonnes of CO_2e. In previous years DfT have exceeded the 80% reduction target. In 2024-25 the use of domestic flights increased, producing 414.24 tonnes of CO_2e, which represents a 52% reduction in domestic flight emissions. Defra set a target of a 91% reduction in international flight passenger km travelled, based on the 2017-18 baseline. DfT have realised a 91.8% reduction in passenger miles travelled over this period, exceeding the Defra target.

Flight type and class	Passenger km	Tonnes CO2e	CO2e factor (Defra provided)
Domestic, to/from UK	1,239,466.7500	199.55415	0.161
International, to/from non-UK – Economy class	3134.12	0.2491625	0.0795
Long-haul, to/from UK – Economy class	629,146.6400	74.302218	0.1181
Long-haul, to/from UK – Business class	50,766.1400	17.387403	0.3425
Long-haul, to/from UK – Premium Economy class	4,553.2800	0.5377424	0.1181
Long-haul, to/from UK – Seating Unknown	32,985.6000	5.0863795	0.1542
Medium-haul (from 483 km to 3700 km) – Economy class	47,157.0000	5.5692417	0.1181
Medium-haul (from 483 km to 3700 km) – Seating unknown	2,175.0000	0.335385	0.1542
Short-haul, to/from UK – Economy class	994,596.2900	107.31694	0.1079
Short-haul, to/from UK – Seating Unknown	35,574.4000	3.9025117	0.1097
Total	**3,039,555.2200**	**414.2411**	

Table 8: Breakdown of business flight data in 2024-25.

Single Use Plastics

DfT group do not intentionally procure single use plastics. DfT currently cannot provide an exact figure for disposed single use plastics as they are collected alongside other recyclable materials. DfT are working with suppliers and catering companies, used across the estate to minimise the use of single use plastics. DfT does not currently have re-use schemes in place, however this is currently being explored.

Nature Recovery

DfT has drafted a Nature Recovery Plan which will be published alongside the GGC return for 2024-25. This details our approach to estate management which balances operational need and nature recovery. DfT is currently completing baseline mapping of the estate which will then allow more detailed habitat mapping which in turn will support the development of the DfT's Natural Capital assessment and completion of the Taskforce for Nature Related Financial Disclosures (TNFD).

Sustainable ICT

DfT and its ALBs complete annual STAR returns, submitted to Defra, where DfT detail ICT purchases and disposals. A range of disposal routes are used including DfT ICT being re-purposed by other departments and being recycled. DfT works with suppliers to minimise ICT waste being sent to landfill.

Sustainability and TCFD Compliance Statement

DfT has reported on climate-related financial disclosures consistent with HMT's TCFD -aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. This statement includes the TCFD recommended disclosures for phase 2 on:

1. Governance – recommended disclosures (A) and (B).
2. Risk Management – recommended disclosures (A) to (C).
3. Metrics and Targets – recommended disclosures (A) to (C).

This is in line with the central government's TCFD-aligned disclosure implementation timetable. DfT plans to make disclosures for 'strategy recommendation and recommended disclosures (A) to (C) in future reporting periods in line with the central government implementation timetable.

Jo Shanmugalingam **21 July 2025**
Permanent Secretary and Principal Accounting Officer
Department for Transport
Great Minister House
33 Horseferry Road
London SW1P 4DR

Functional Standards

Where applicable, DfT staff strive to adhere to the mandated government functional standards in a way that aligns with DfT's business needs and priorities. GovS 001 (Government Functions) establishes expectations for the consistent management of all functions and functional standards across government. The subsequent standards, from GovS 002 onwards, define expectations for specific functional areas such as project delivery and commercial operations. These standards provide a stable foundation for assurance, risk management, capability development, and ensuring value for money for the taxpayers. This work complements DfT's management assurance process, which provides the ExCo and GARAC assurance on compliance with process and controls.

Financial Governance and Management Control

DfT's business planning process distributes the budget voted by Parliament across all areas of DfT. Financial plans are established through agreement between DfT and HMT as part of the Spending Review process.

At the start of each financial year, Parliament grants statutory authority for DfT's budget through the Main Estimate. Simultaneously, the Principal Accounting Officer formally delegates budgets to directors general and public bodies. Through ExCo, DfT reviews actual and forecast spending each month to ensure expenditure aligns with approved budgets, taking necessary actions to maintain control. This monitoring helps prevent breaches of Parliament-approved spending limits while advising ministers and the Board on optimal use of available resources to achieve DfT's Priority Outcomes.

Budget adjustments during the year are agreed upon with HMT, alongside strategic decisions made by ministers and the DfT Board. Any in-year budget changes requiring statutory approval are submitted to Parliament through the Supplementary Estimate. Final budget delegations are then issued to directors general and public bodies. At year-end, actual spending is compared with the final budgets approved by Parliament in the statement of outturn against Parliamentary supply.

Financial control and counter fraud

DfT continued to deploy the Control Network Group (CNG), comprising senior subject matter experts from key functional areas, to oversee and strengthen controls, counter fraud activity efforts, and ensure compliance with HMT, the Cabinet Office, and internal controls. Assurance is provided through the management assurance activity on the control's framework, and CNG provides strategic oversight on key risks and any retrospective approvals.

DfT upholds a zero-tolerance policy on fraud, bribery, and corruption. Reported incidents are investigated, with disciplinary and/or legal action taken as needed, following DfT and Public Sector Fraud Authority (PSFA) guidelines. DfT advanced its 2023-2025 Counter Fraud, Bribery and Corruption Strategy, focusing on prevention, risk reduction, and awareness, including participation in the International Fraud Awareness Week.

Detection efforts included the use of Spotlight, a due diligence tool for identifying risk areas and detecting fraud and error.

Quarterly meetings with senior counter fraud managers, DfT representatives, and the GIAA enabled updates, best practice sharing, and insights from PSFA. This collaboration improved fraud awareness and strengthened compliance with government counter-fraud functional standards.

All DfT staff are required to undertake annual online fraud awareness training.

Under PSFA's across-government internal fraud policy, employees dismissed for fraud, bribery or corruption are added to the Cabinet Office internal fraud database and barred from civil service re-employment for five years. In 2024-25, no cases fell within this scope.

Fraud cases within DfT's public bodies are recorded in their respective governance statements.

Raising a concern and whistleblowing

DfT remains committed to building a culture where people feel safe to speak up about perceived wrongdoing and inappropriate behaviour and to report any concern in the knowledge that these will be heard and concerns taken seriously.

To continue to improve awareness of reporting routes, DfT participated in 'Speak Up' week in November 2024. This is a civil service-wide campaign. Its key aims are to improve understanding of how to raise concerns and to help people to feel comfortable doing so. A series of events were delivered across the DfT Group with a particular focus on building an inclusive working environment, becoming an active bystander, how to raise a concern and who to turn to, fair treatment and psychological safety. The week was championed by our Fair Treatment co-champions and also supported by the Permanent Secretaries and the Secretary of State.

The People Survey also provides DfT with information and insight on how employees feel about DfT at a point in time. This data provides an opportunity to improve, develop and strengthen existing processes and practice going forward. Overall, for DfT, there has been a reduction in positive responses to People Survey questions about how safe employees feel to challenge and their awareness of the Civil Service Code compared to 2023. Several high-profile change initiatives across the DfT Group over the last 12 months, including increased workplace attendance expectations, recruitment controls, and a voluntary exit scheme in DfT may be contributing factors in the overall reduction in staff engagement and the decrease in how comfortable staff feel in raising concerns and challenging the way that things are done.

Our processes for raising concerns about wrongdoing are of a satisfactory standard, and an annual update on our processes and the concerns raised each year is provided to the DfT GARAC. DfT continue to focus on building awareness with staff of the importance of raising concerns and the avenues they can use to do this. Over the past 12 months DfT has also worked with the Cabinet Office and other departments to implement the recommendations of the NAO report and PAC recommendations and to consider where, as a department, DfT can take further improvement action. This has included the launch of a new Whistleblowing Hotline. The hotline provides DfT employees with an alternative route to raise a concern outside of the management chain with DfT's Employee Assistance provider and is available 24/7, 365 days of the year.

Management Assurance

DfT carried out management assurance activities to assess the implementation and effectiveness of processes, procedures, controls and compliance across DfTc and our public bodies within its accounting boundary.

DfT's approach to assurance involved a three-stage review process:

1. **First line of defence:** Directors and CEOs from public bodies provided assurance over key control areas within their responsibility
2. **Second line of defence:** Policy leads and/or subject matter experts conducted independent assessments of these areas
3. **Third line of defence:** The GIAA provided audit opinions for relevant audits and an overall independent audit opinion.

Directors and CEOs were required to create action plans for areas rated below 'substantial'. Findings from these assurance activities were reviewed by CNG and presented to ExCo and GARAC.

1. the first line of defence review for 2024 to 2025 has been completed, with an initial second line of defence assessment placing the overall result in the 'Substantial' range
2. the full second line of defence opinion will be finalised by late summer 2025. Additionally, the 2023-2024 second line of defence review confirmed a 'Moderate' overall rating
3. for 2024-2025, the GIAA's third line audit opinion for DfTc is also rated 'Moderate' based on the GIAA audit plan.

Analytical Assurance

Analytical Quality Assurance (AQA) involves the consideration and communication of the strengths, weaknesses, and limitations of analysis. This allows decision-makers to better understand the quality of the evidence base they use. DfT's Analytical Assurance Framework, Strength in Numbers, aims to strengthen the standard of analytical quality assurance in DfT. The government analytical function is currently updating its central guidance on producing quality analysis – the Aqua book. Once published, DfT are committed to reviewing the internal analytical assurance framework and DfT is working with the executive agencies to ensure alignment of standards across the group.

As part of the framework, DfT maintains and publishes a register of Business-Critical Models, each of which has an appointed Senior Model Owner responsible for ensuring appropriate governance and quality assurance of the model and its outputs throughout its lifecycle. Business Critical Models are used to drive essential decisions and have robust governance regimes in place to assure against errors which could cause serious financial, legal and/or reputational damage to DfT.

Where analysis is used to inform or underpin decision-making, papers must include an Analytical Assurance Statement. These statements highlight the strengths, limitations, and uncertainties in the analysis, ensuring decision-makers are fully informed. When included in submissions to ministers if the decision exposes DfT to significant legal, financial or reputational risk, and for all Tier 1 and Tier 2 investment boards, analysis must be reviewed by an independent assurer to make sure all relevant information has been communicated and the extent to which the analysis is considered reasonable and robust is clear.

There is good governance and assurance of analysis produced by public bodies to inform decisions taken by DfT, facilitated by strong working relationships between analysts across the organisations. Where responsibility for decision-making is delegated to public bodies, responsibility for AQA is also delegated.

Independent Assurance

DfT's internal audit service is provided by the Government Internal Audit Agency (GIAA), an executive agency of HMT. GIAA operates to the public sector internal audit standards, confirmed through its last External Quality Assessment undertaken by the Institute of Internal Auditors between July and October 2020. The Group Head of Internal Audit (Group HIA) provides the DfT's Accounting Officer with an independent opinion on the adequacy and effectiveness of the DfT's systems of internal control and makes recommendations for improvement. The work of GIAA is based on its analysis of the DfT's risks and its audit programme, which is approved by GARAC. Regular reports are provided by GIAA to the DfT's management, GARAC and to the Executive Committee.

The Group HIA has provided the Permanent Secretary with an annual report on internal audit activity in DfT and its ALBs over the course of 2024/25. This report summarises each of the individual Head of Internal Audit annual opinions for DfT and its ALBs; movement from 2023-24 and provides the Group HIA's independent opinion for 2024-25 on the level (i.e. Substantial, Moderate, Limited, Unsatisfactory) of assurance that can be placed on the adequacy and effectiveness of DfT and ALB's governance, risk management and internal control arrangements.

The report showed that across DfT and its ALBs, Internal Audit found evidence that the control environment established over recent years has broadly been sustained. As a result, the Group Internal Audit Opinion for 2024-25 is 'Moderate'.

It is highlighted that the Head of Internal Audit for HS2 Ltd has provided a Limited opinion on the governance, internal control and risk management arrangements at the ALB. Their opinion recognised work carried out in-year by management to improve known and previously identified areas of weakness at HS2 Ltd. Further progress is needed, at greater speed, to enhance risk management, programme controls and, for programme assurance, an effective first and second line of defence across the business. The Executive Team has identified control improvement as one of the critical priorities for HS2 Ltd in 2025-26. With effective tracking of management action to manage risks and a strong focus on improving internal controls, the trajectory is positive.

Looking ahead, DfT and its ALBs are subject to high levels of challenge with delivery of the new Government's priorities including efficiencies, significant Rail reform, focus on Decarbonisation, the wars in Ukraine and the Middle East. With senior management attention directed to these, and the appointment of a new Permanent Secretary, it remains important that there is adequate oversight, and capability across the core areas to ensure that a robust control environment is operating in 2025-26.

Auditors

This section sets out the costs of auditing the DfT Group accounts along with the costs of auditing the organisations which form part of the DfT Group. Audit fees are not included in this section for other entities who are outside DfT's consolidation boundary. The Comptroller and Auditor General (C&AG) carries out the audit of the consolidated accounts of the DfT Group, as well as the audits of the following executive agencies:

- Maritime and Coastguard Agency.
- Driver and Vehicle Licensing Agency.
- Driver and Vehicle Standards Agency.
- Vehicle Certification Agency.
- Active Travel England.

These audits are conducted under the Government Resources and Accounts Act 2000

(GRAA), at an annual notional cost of £1,254,000 (2023-24: £1,268,500).

The audits of the following entities are completed by the C&AG, but incur a cash or real charge of £1,773,450 (2023-24: £1,640,300):

- Network Rail Ltd (and its substantial subsidiary bodies, Network Rail Infrastructure Ltd and Network Rail Infrastructure Finance plc).
- National Highways.
- British Transport Police Authority.
- HS2 Ltd.
- Transport Focus.
- CTRL Section 1 Finance PLC.
- LCR Finance PLC.
- East West Rail Ltd.

Network Rail's audit fee of £731,700 includes £39,000 for other audit-related services including the audit of the Network Rail Regulatory accounts.

In addition to these entities, the C&AG audits the accounts of the General Lighthouse Fund (GLF), which consolidates the General Lighthouse Authorities (GLAs). While the GLAs are consolidated into the DfT group, the GLF is not consolidated. As such, the audit fee for the GLF is not included in this total. The audit fee for the GLF for 2024-25 is £140,000 (2023-24: £128,000)

PwC audits the following entities, providing audit assurance to the C&AG as the group auditor. These audits incur a real cost charge of £283,680 (2023-24: £292,616):

- Smaller Network Rail subsidiary bodies.
- Train Fleet (2019) Ltd.

Deloitte audits the following entity, providing audit assurance to the C&AG as the group auditor. This audit incurs a real cost charge of £163,500 (2023-24: £161,500):

- Air Travel Trust Fund.

BDO LLP audits the following entity, providing audit assurance to the Comptroller and Auditor General as the group auditor. This audit incurred a real cost charge of £12,738 (2023-24: £9,300):

- Air Safety Support International Ltd.

The NAO in its work to scrutinise public spending for Parliament also performs other work under statute, including Value-for-Money and assurance work.

Accounting Officer System Statement

DfT intends to publish an updated Accounting Officer System Statement during 2025.

Correspondence

DfT aims to respond to correspondence from members of the public in 20 working days. During 2024 to 2025, 8,256 cases were received (an 8% decrease from 2023 to 2024), and 92% of replies were sent on time. DfT's target response time for correspondence from MPs, peers and key stakeholders was 10 working days in April 2024, changing to 15 working days in May and for the remainder of the financial year. DfT received 6754 cases in 2024 to 2025 (a 31% decrease in 2023 to 2024) and 53% of replies were sent by the target deadline.

Information rights, including personal data related incidents

DfT and its executive agencies received 3331 requests for information under either the Freedom of Information Act 2000 (FOI) or the Environmental Information Regulations 2004 (EIR). DfT met the statutory response deadlines in 92% of these cases. DfT publishes a list of FOI and EIR disclosure responses where some or all the requested information has been disclosed.

DfT also answered 18,024 valid requests from individuals exercising their rights under data protection legislation. These consisted mainly of subject access requests, 96% of which were answered within the statutory deadline.

DfT holds personal data on millions of drivers in Great Britain, vehicle keepers across the UK plus those taking driving tests, driving instructors, and seafarers. Every year DfT process millions of transactions and billions of digital interactions, so DfT takes the protection of personal data very seriously. During 2024 to 2025, DfT notified five breaches to the Information Commissioner's Office (ICO). Every personal data related incident is investigated fully to identify the cause and ensure action is taken to reduce the likelihood of recurrence.

Complaints Handling – Parliamentary and Health Service Ombudsman

DfTc is committed to responding to complaints within 20 working days, and our public bodies, have their own complaints procedures and timelines within an overall DfT policy framework in accordance with the Parliamentary and Health Service Ombudsman Principles.

The number of complaints handled by DfTc, our executive agencies, and other public bodies (where data is available) during 2024 to 2025 and the previous 3 years is provided in DfT's independent complaints assessors (ICA) annual report, including lessons learnt and subsequent changes to complaint handling and/or service delivery to reduce complaints.

Complaints to the Parliamentary & Health Service Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) investigates complaints about DfT and its delivery bodies when referred by a Member of Parliament on behalf of a complainant. Generally, the PHSO will expect the ICAs to have reviewed the matter before they consider investigating.

Where the PHSO believes there is evidence that there has been maladministration, unfair treatment, or poor service, it will investigate the issues, review the remedy provided, and may recommend further actions to resolve the matter. All recommendations made by the PHSO were implemented in the year by DfT.

	Complaints accepted for detailed investigation			Investigations upheld or partly upheld^			Investigations not upheld or discontinued		
Organisation	**24/25**	**23/24**	**22/23**	**24/25**	**23/24**	**22/23**	**24/25**	**23/24**	**22/23**
DfT (department)	0	0	0	0	0	1	0	0	0
DfT ICAs	0	0	0	0	0	0	0	0	0
CAA	1	1	0	0	0	1	1	0	0
DVLA	3	3	1	0	2	4	1	1	3
DVSA	0	0	0	0	0	0	0	0	0
HS2 Ltd	0	0	0	0	0	0	0	0	0
National Highways	1	1	0	1	0	0	0	0	0
MCA	0	0	0	0	0	0	0	0	0
VCA	0	0	0	0	0	0	0	0	0
Total	5	5	1	1	2	6	2	1	3

^ Completed investigations often occur from cases accepted for detailed investigation in previous years

Table 9: Number of complaints investigated, upheld, and not upheld by PHSO

Investigations into complaints by PHSO into DfT or its public bodies

When PHSO concludes an investigation, it may do so in the year(s) following when it was accepted. In addition, there can be several recommendations made to DfT or its public bodies to resolve a complaint, and the time between the conclusion of an investigation; issue of a report with recommendations, and when those recommendations are complied with or not can fall into a subsequent year. Table 10 includes the number of recommendations made by

PHSO following an investigation of a complaint and whether those have been complied with over the last three years.

DfT centre or DfT Public Body	No. of Cases with Recommendations			No. of Recommendations			Closed: Complied With			Open: In Compliance		
	2024-25	2023-24	2022-23	2024-25	2023-24	2022-23	2024-25	2023-24	2022-23	2024-25	2023-24	2022-23
DfTc	0	0	1	0	0	4	0	3	3	0	1	2
CAA	0	0	1	0	0	4	0	1	4	0	0	0
DVLA	0	2	4	0	3	13	0	1	13	0	1	0
HS2	0	0	0	0	0	2	0	0	2	0	0	0
National Highways	1	0	0	2	0	0	2	0	0	0	0	0

Table 10: Recommendations made by PHSO and compliance.

Better regulation

DfT has continued to ensure that regulation in the transport sector is effective, proportionate and does not impose unwarranted burdens on business.

DfT has engaged closely with the DBT and the Regulatory Policy Committee (RPC) on the successful development and implementation of the new Better Regulation Framework, which took effect on 1 September 2024. Over the coming year, DfT will continue to work with DBT and RPC to ensure DfT's policy development is fully supported by high-quality evidence.

Between 1 April 2024 and 31 March 2025, DfT has submitted impact assessments for key regulatory reforms to the RPC as required under the Better Regulation Framework. DfT has maintained its 100% green 'fit-for-purpose' rating record with regards to RPC scrutiny.

These green ratings include the impact assessments for the Bus Services Bill. This bill, currently undergoing parliamentary scrutiny, demonstrates DfT's commitment to modernising transport infrastructure and improving the bus network by putting control of local services back into the hands of communities.

DfT also received green ratings for the Aviation Safety Regulations and Airports Slot Allocation Regulations impact assessments, highlighting DfT's commitment to producing robust analysis in support of its legislation.

For regulatory provisions with impacts below +/-£10 million, DfT has continued to produce proportionate de minimis assessments in accordance with the Better Regulation Framework.

DfT is also committed to ensuring a high quality of monitoring and evaluation of its regulations. Over the last year, DfT has published 13 post-implementation reviews on legislation (GOV.UK).

Health and safety

Each business unit within the DfT group is legally accountable for the health, safety and welfare of its employees. DfTc and the executive agencies are autonomous in developing and implementing health and safety policy and arrangements and managing risk and compliance according to their risk profile and the requirements of their senior leadership teams.

DfT's Health & Safety Group Forum brings together the Occupational Health & Safety leads from across DfT to share best practices and to collaborate on common issues. They voluntarily participate in benchmarking of reactive indicators such as reports of work-related injuries, ill health and near misses.

The chart below shows the number of incidents reportable to the Health and Safety Executive (HSE) during 2021-2022 – 2024-25, under the *Reporting of Injuries, Diseases and Dangerous Occurrences Regulations* (RIDDOR).

There were a total of 26 RIDDOR reports made in this reporting period.

Organisation	2021/2022	2022/2023	2023/2024	2024/2025
DfTc	0	0	1	1
ATE	N/A	N/A	0	0
DVLA	1	3	16	4
DVSA	20	13	19	15
MCA	5	6	8	4
VCA	0	0	0	2
DfT TOTAL	**26**	**22**	**44**	**26**

Table 11: Table showing RIDDOR reportable incidents by business unit between 2021/2022 and 2024/2025.

Conclusion

As Principal Accounting Officer, I have responsibility for the effectiveness of the system of internal control. Management assurance is confirmed by executive managers within DfT, who are responsible for upholding a robust internal control framework, and by our agencies and arm's length bodies who are responsible for their internal controls and delegated spending. I am supported by the work of the internal audit and by the comments made by the NAO in their management letter and other reports. Based on these assurances, I am content that DfT upheld a satisfactory level of internal control and corporate governance throughout the reporting period.

People and Remuneration Report 2024/25

Remuneration and Staff Report

The remuneration and staff report summarises DfT's policy on remuneration of ministers, executive board members, non-executive board members and staff. It also provides details of actual costs and contractual arrangements. The remuneration and staff report has been prepared in accordance with the requirements of the Government Financial Reporting Manual as issued by HMT.

Remuneration policy – Senior Civil Service

Senior Civil Service (SCS) pay, and conditions are not delegated to individual departments. The SCS is a corporate resource, employed with a common framework of terms and conditions across government departments.

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB). The Review Body on Senior Salaries also advises the Prime Minister from time to time on:

- The pay and pensions of MPs and their allowances.
- Peers' allowances.
- The pay, pensions and allowances of ministers and others whose pay is determined by the ministerial and Other Salaries Act 1975 (as amended).

In reaching its recommendations, the Review Body on Senior Salaries has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- Regional and local variations in labour markets and their effects on the recruitment and retention of staff.
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services.
- The funds available to departments as set out in the Government's departmental expenditure limits.
- The Government's inflation target.

The Government's response to the recommendations of the SSRB is communicated to departments by the Cabinet Office through annual SCS pay guidance, which set out the parameters for base pay and non-consolidated pay for the relevant financial year.

DfT's Pay and Performance Committee takes decisions on the remuneration of our senior civil servants, in line with this central guidance.

Remuneration (including salary) and pension entitlements

Ministers

The following sections on ministerial remuneration and pension disclosures are audited information.

Salary

Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; ministers and permanent secretaries offices allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by DfT and thus recorded in these accounts.

In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP £93,904 (from 1 April 2025) and various allowances to which they are entitled are borne centrally.

However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by DfT and is therefore shown in full in the figures below.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by DfT and treated by HMRC as a taxable emolument. There were no benefits in kind reported in 2024-25 for ministers.

Compensation for loss of office (audited information)

The Rt Hon Mark Harper MP left Government on 5 July 2024. He received a compensation payment of £16,876.

Huw Merriman, MP left Government on 5 July 2024. He received a compensation payment of £7,920.

Guy Opperman, MP left Government on 5 July 2024. He received a compensation payment of £5,593.

Anthony Browne, MP left Government on 5 July 2024. He received a compensation payment of £5,593.

The Rt Hon Louise Haigh, MP left Government on 28 November 2024. She received a compensation payment of £16,876.

Ministers	2024-25 Salary (£)	2024-25 Full year equivalent salary (£)	2024-25 Pension benefits (to nearest £1000)	2024-25 Total benefits (to nearest £1000)	2024-25 Severance payments (to nearest £1000)	2023-24 Salary (£)	2023-24 Full year equivalent salary (£)	2023-24 Pension benefits (to nearest £1000)	2023-24 Total benefits (to nearest £1000)	2023-24 Severance payments (to nearest £1000)
Rt Hon Mark Harper MP Secretary of State until 4 July 2024	17,783	67,505	4,000	22,000	17,000	67,505	67,505	18,000	86,000	
Huw Merriman MP Minister of State until 4 July 2024	8,345	31,680	2,000	10,000	8,000	31,680	31,680	8,000	40,000	
Anthony Browne MP Parliamentary Under Secretary of State until 4 July 2024	5,894	22,375	1,000	7,000	6,000	8,515	22,375	2,000	11,000	
Guy Opperman MP Parliamentary Under Secretary of State until 4 July 2024	5,894	22,375	1,000	7,000	6,000	7,458	22,375	2,000	10,000	
Lord Davies Parliamentary Under Secretary of State until 4 July 2024	18,696	70,969	5,000	24,000		35,778	70,969	9,000	44,000	
Rt Hon Heidi Alexander MP Secretary of State from 29 November 2024	22,900	67,505	6,000	29,000						
Rt Hon Louise Haigh MP Secretary of State from 5 July to 28 November 2024	27,026	67,505	7,000	34,000	17,000					
Lord Hendy of Richmond Hill CBE Minister of State from 8 July 2024	44,669	0	0	45,000						
Simon Lightwood MP Parliamentary under Secretary of State from 9 July 2025	16,300	22,375	4,000	20,000						

Ministers	2024-25 Salary (£)	2024-25 Full year equivalent salary (£)	2024-25 Pension benefits (to nearest £1000)	2024-25 Total benefits (to nearest £1000)	2024-25 Severance payments (to nearest £1000)	2023-24 Salary (£)	2023-24 Full year equivalent salary (£)	2023-24 Pension benefits (to nearest £1000)	2023-24 Total benefits (to nearest £1000)	2023-24 Severance payments (to nearest £1000)
Lilian Greenwood MP Parliamentary under Secretary of State from 9 July 2025	16,300	22,375	4,000	18,000						
Mike Kane MP Parliamentary under Secretary of State from 9 July 2025	16,300	22,375	4,000	20,000						
Rt Hon Jesse Norman MP, Minister of State, from 26 October 2022 to 13 November 2023	N/A	N/A	N/A	N/A	N/A	19,624	31,680	5,000	24,000	8,000
Baroness Vere of Norbiton, Parliamentary Under Secretary of State, from 2 August 2019 to 13 November 2023	N/A	N/A	N/A	N/A	N/A	49,819	70,969	10,000	60,000	
Richard Holden MP, Parliamentary Under Secretary of State, from 28 October 2022 to 12 November 2023	N/A	N/A	N/A	N/A	N/A	13,860	22,375	3,000	16,000	

Table 12: Ministers' remuneration (audited information)

Footnote 1 - Lord Davies was in receipt of a Lords Allowance of £36,366pa.

Footnote 2 - Lord Hendy was in receipt of a Lords Allowance of £4,680pa. From 1 January 2025 he became an unpaid minister.

Footnote 3 - Lord Hendy has opted out of the Ministerial Pension Scheme.

Executive members of the DfT Board

Salary

‘Salary’ includes gross salary; reserved rights to London weighting or London allowances; recruitment and retention allowances; minsters and permanent secretaries offices allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by DfT, and thus recorded in these accounts.

Bonuses are based on performance levels attained and relate to the relevant performance year. Under SCS pay guidance, DfT are permitted to pay in-year awards related to recognise in-year performance as well as end-year bonuses to those determined ‘Exceeding’ and ‘High Performing’ through the SCS appraisal process which are paid in arrears in the next financial year. The bonuses reported in 2024-25 relate to in–year performance during the 2024-25 performance year and end-year performance for the 2023-24 performance year.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by DfT and treated by HMRC as a taxable emolument. There were no benefits in kind reported in 2024-25 or 2023-24- for executive board members.

Compensation payments (audited information)

There were no compensation payments for executive members of the DfT board in 2024-25.

Officials	2024-25 Salary (£000)	2024-25 Full Year Equivalent Salary (£000)	2024-25 Bonus Payments (£000)	2024-25 Pension Benefits (£000)	2024-25 Total Benefits (£000)	2023-24 Salary (£000)	2023-24 Full Year Equivalent Salary (£000)	2023-24 Bonus Payments (£000)	2023-24 Pension Benefits (£000)	2023-24 Total Benefits (£000)
Bernadette Kelly (Permanent Secretary)	190-195	190-195	10-15	0	205-210	185-190	185-190	10-15	0	195- 200
Jo Shanmugalingam (Second Permanent Secretary) from 30 May 2023	145-150	160-165	0	95	240-245	115-120	150-155	10-15	85	215- 220
Nick Joyce (Director General)	165-170	165-170	5-10	97	265-270	155-160	155-160	5-10	88	250- 255
Emma Ward (Director General)	145-150	145-150	5-10	78	230-235	140-145	140-145	5-10	57	200- 205
David Hughes (Director General) till August 2023	N/A	N/A	N/A	0	N/A	55-60	150-155	0	0	55- 60
Conrad Bailey (Director General)	140-145	140-145	0-5	110	250-255	135-140	135-140	0-5	51	185-190
Marianthi Leontaridi (Director General)	140-145	140-145	0-5	85	225-230	130-135	130-135	0-5	59	190- 195
Alan Over (Director General)	140-145	140-145	0-5	67	205-210	135-140	135-140	10-15	53	200- 205
Richard Goodman (Director General) from 10 March 2025	5-10	140-145	0	33	40-45	N/A	N/A	N/A	N/A	N/A
Alex Hynes (Director General) from 15 April 2024	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 13: Officials' remuneration (Audited information)

Footnote 1 – Jo Shanmugalingam's 2023-24 bonus payment related to performance at her previous organisation, which was awarded by BEIS.
Footnote 2 – Alex Hynes is on secondment to DfT from Network Rail.
Footnote 3 - Bernadette Kelly and David Hughes are both members of the Partnership Pension Scheme.

Non-Executive Board Members

The following section on NEBMs remuneration is subject to audit.

Each of the NEBMs, Ian King, Richard Keys, Tony Poulter, Tracy Westall and Dame Sarah Storey, is entitled to claim annual fees, currently £15,000 per annum, and reasonable expenses (including travel and subsistence in line with DfT's policy on such expenses).

Ian King, as the lead NEBM, receives an additional £5,000 in recognition of this role. Similarly, Richard Keys, as Chair of the Department's Group Audit and Risk Assurance Committee (GARAC), receives an additional £5,000 per annum in recognition of this role. The membership of the GARAC also includes Kathryn Cearns and Mark Bayley, who receive a fee for attending and preparing for meetings.

NEBMs are appointed on fixed terms. Their fees for 2024-25 are set out in the table below.

Non-Executive Board Member Fees	2024-25 (£000)	2023-24 (£000)
Ian King	20-25	20-25
Richard Keys	20-25	20-25
Tracy Westall	15-20	15-20
Anthony Poulter	15-20	15-20
Dame Sarah Storey	15-20	15-20
Group Audit and Risk Assurance Committee Member Fees	**2024-25(£000)**	**2023-24 (£000)**
Kathryn Cearns	0-5	0-5
Mark Bayley	0-5	0-5
Ranjit Baxi	n/a	15-20

Table 14: Non-Executive Board Members' fees, 2024-25 (audited information)

Ministerial Pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute, and the rules are set out in the ministers etc. Pension Scheme 2015, available at https://mypcpfpension.co.uk/wpcontent/uploads/2019/09/ministerial-pension-scheme-rules.pdf

Those ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report).

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre-2025 and post-2015 ministerial pension schemes.

Ministers	Accrued pension at age 65 as at 31/3/2025 (£000)	Real increase in pension at age 65 (£000)	CETV at 31/03/2025 (£000)	CETV at 31/03/2024 (£000)	Real increase in CETV funded by taxpayer (£000)
Rt Hon Mark Harper MP Secretary of State until 4 July 2024	5-10	0-2.5	140	135	3
Huw Merriman MP Minister of State until 4 July 2024	0-5	0-2.5	15	13	1
Anthony Browne MP Parliamentary Under Secretary of State until 4 July 2024	0-5	0-2.5	5	3	1
Guy Opperman MP Parliamentary Under Secretary of State until 4 July 2024	0-5	0-2.5	76	72	1
Lord Davies Parliamentary Under Secretary of State until 4 July 2024	0-5	0-2.5	40	33	4
Rt Hon Heidi Alexander MP Secretary of State from 29 November 2024	0-5	0-2.5	10	4	3
Rt Hon Louise Haigh MP Secretary of State from 5 July to 28 November 2024	0-5	0-2.5	6	0	3
Lord Hendy of Richmond Hill CBE Minister of State from 8 July 2024	0	0	0	0	0
Simon Lightwood MP Parliamentary under Secretary of State from 9 July 2025	0-5	0-2.5	4	0	2
Lilian Greenwood MP Parliamentary under Secretary of State from 9 July 2025	0-5	0-2.5	26	20	3
Mike Kane MP Parliamentary under Secretary of State from 9 July 2025	0-5	0-2.5	5	0	3
Rt Hon Jesse Norman MP, Minister of State, from 26 October 2022 to 13 November 2023	N/A	N/A	N/A	57	4
Baroness Vere of Norbiton, Parliamentary Under Secretary of State, from 2 August 2019 to 13 November 2023	N/A	N/A	N/A	131	7

Ministers	Accrued pension at age 65 as at 31/3/2025 (£000)	Real increase in pension at age 65 (£000)	CETV at 31/03/2025 (£000)	CETV at 31/03/2024 (£000)	Real increase in CETV funded by taxpayer (£000)
Richard Holden MP, Parliamentary Under Secretary of State, from 28 October 2022 to 12 November 2023	N/A	N/A	N/A	21	1

Table 15: Ministerial Pensions (audited information)

Footnote 1 - Lord Hendy has opted out of the Ministerial Pension Scheme.

'Pensions Benefit' – The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits, they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the minister. It is worked out using common market valuation factors for the start and end of the period.

Pensions benefits (Officials)

Officials	Accrued pension at Pension age as at 31/3/2025 and related lump sum (£000)	Real increase in pension and related lump sum at pension age (£000)	CETV at 31/3/2025 (£000)	CETV at 31/3/2024 (£000)	Real increase in CETV (£000)	Employer contribution for those with a partnership pension account (nearest £100)
Bernadette Kelly (Permanent Secretary)	N/A	N/A	N/A	N/A	N/A	28,700
Joanna Shanmugalingam (Second Permanent Secretary)	40 - 45 plus a lump sum of 100 - 105	5 - 7.5 plus a lump sum of 5 - 7.5	836	730	67	N/A
Nick Joyce (Director General)	55 - 60	5 - 7.5	1,187	1,052	81	N/A
Emma Ward (Director General)	55 - 60 plus a lump sum of 80 - 85	2.5 - 5 plus a lump sum of 2.5 - 5	1,061	943	57	N/A
David Hughes (Director General)	N/A	N/A	N/A	N/A	N/A	N/A
Conrad Bailey (Director General)	70 - 75	5 - 7.5	1,365	1,222	89	N/A
Marianthi Leontaridi (Director General)	55 - 60	2.5 - 5	1,169	1,048	71	N/A
Alan Over (Director General)	40 - 45	2.5 - 5	692	584	47	N/A
Richard Goodman (Director General) from 10 March 2025	25 - 30	0 - 2.5	360	338	22	N/A
Alex Hynes (Director General) from 15 April 2024	N/A	N/A	N/A	N/A	N/A	N/A

Table 16: Officials Pensions (audited information)

Footnote 1 - Bernadette Kelly is a member of the Partnership Pension Scheme.

Footnote 2 - Alex Hynes is on secondment to DfT from Network Rail and was not a member of the PCSPS during the accounting period.

Footnote 3 - David Hughes is member of the Partnership Pension Scheme.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HMT. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the 'McCloud judgment').

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Our staff numbers (audited information)

Details on the average number of whole-time equivalent persons employed during the year, the staff costs and gender composition are set out in the tables below.

Average number of staff	Permanently employed staff	Other staff	ministers	special advisers	Total 24-25	Total 23-24
DfTc	3,778	12	5	3	3,798	3,783
Agencies	11,589	157	0	0	11,746	11,654
Other Delivering Bodies	54,870	1,365	0	0	56,235	55,904
Total Average Number of Persons Employed	70,237	1,534	5	3	71,779	71,341

Table 17: Staff numbers (Departmental Group including delivery bodies) Average number of staff, Permanently Employed Staff, Others, ministers, special advisers.

1. The special adviser numbers are taken on a snapshot date as of 31 March 2025.

	Permanently employed staff	Other staff	2024-25 Total	2023-24 Total
Wages and salaries	3,945	44	3,989	3,806
Social security costs	437	0	437	415
Other pension costs	400	0	400	375
Sub Total	**4,782**	**44**	**4,826**	**4,596**
Less recoveries in respect of outward secondments	(1)	0	(1)	(1)
Less capitalised staff costs	(1,161)	(18)	(1,179)	(1,236)
Total Net Costs	**3,620**	**26**	**3,646**	**3,359**
Core Department & Agencies	867	17	884	839
Departmental Group	3,620	26	3,646	3,359

Table 18: Staff Costs £M (audited information). Numbers are rounded to nearest million.

'Other staff' includes ministers and special advisers, who were paid £259k and £0k respectively (2023-24: £246k and £0k).

Special advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all special advisers across government is managed by the Cabinet Office, with corresponding budget cover transfers. Therefore, all special adviser costs are reported in the Cabinet Office Annual Report and Accounts. Special advisers remain employed by the respective department of their appointing minister.

	Men at 31 March 2025	Women at 31 March 2025	Men at 31 March 2024	Women at 31 March 2024
Number of persons of each sex who were DfTc Permanent Secretary and Directors General	5	4	4	4
Number of persons of each sex who were senior managers of DfTc of the Senior Civil Service (excluding above)	119	132	112	119
Number of persons of each sex who were employees of DfTc	2,019	1,766	2,031	1,751
Number of persons of each sex who were employees of DfT agencies	6,092	5,803	6,919	5,925

Table 19: Number of persons of each sex who were employees of DfTc and its executive agencies as at 31 March 2025

Staff Movement

This data refers to the DfT central department.

Typically, around half of the staff leaving DfTc each year will be moving to other government departments to progress their careers. However, with the significant fall in vacancies across the Civil Service over the last year, DfTc's annual staff turnover (staff leaving DfTc), has reduced by more than four points to 12.5%. A fall in vacancies outside of the Civil Service over this period will also have played a part in this reduction.

Around 10% of DfTc staff make lateral moves or are promoted internally within the Department each year and, whilst this speaks positively to the scale of careers and opportunities for staff, it does equate to additional turnover and a need for further recruitment to backfill vacancies created.

DfTc has been running an exit survey for a number of years now, which is completed by a high proportion of staff leavers, and which has provided valuable insights into what staff have valued about working at DfTc, and their reasons for leaving. These insights are regularly reviewed and appropriate responses form part of an evolving retention plan that seeks to mitigate reasons for leaving and to hold onto more staff for longer.

Staff Loaned into DfTc	Total loaned in	Loaned in short term (6 months or less)	Loaned in long term (more than 6 months)
EO	1	0	1
HEO	4	0	4
SEO	6	1	5
Grade 7	4	0	4
Grade 6	5	0	5
SCS	0	0	0
Total	20	1	19

Table 20: Number of staff loaned into DfTc

The cost of staff on loan to DfT in 2024-2025 is £1.188m (2023-24: £782k). There were 16 staff loaned to DfT on a paid basis (excluding Fast Streamers), and a further 55 staff whose salary costs were not paid by us, as these were covered by their home department.

Loans have been used largely as a short-term solution for resourcing priority areas. There are longer-term loans in place to fill key roles and support the career development of these individuals, this can be seen in an increase in the average duration of loans.

Resourcing

DfTc and its executive agencies have control systems requiring recruitment to be approved by the most appropriate authority up to and including directors general. 2,009 successful applicants were recruited to DfT Group during 2024-25. DfT has moved from a 'Poor' rating to 'Fair' in the 2024-25 Civil Service Commissioners Audit which is a significant improvement with no serious breaches identified. Recommendations have been embedded in the new service delivery model.

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit based on fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made. Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Performance management – Senior Civil Service

DfT follow the Cabinet Office performance management framework. Performance outcomes are assessed against Cabinet Office determined core objectives, and relative to SCS peers in-year to determine allocation to a performance group, to which non-consolidated variable pay is linked. There are four performance groups:

1. Exceeding
2. High Performing
3. Achieving
4. Partially Met

To be allocated to the exceeding performance group, an individual must have performed above and beyond their agreed stretching objectives, as well as evidenced exemplary behaviours throughout the performance year.

Number of Senior Civil Service staff by band (audited information)

The number of SCS employed by DfT, including its executive agencies (DVLA, MCA, DVSA, VCA and ATE), as at 31 March 2025, is disaggregated in Table 21.

31 March 2025 Salary Range[1]	Distribution of senior civil service salaries within the Department Staff numbers[2]
£70,000-£74,999	0
£75,000-£79,999	7
£80,000-£84,999	81
£85,000-£89,999	57
£90,000-£94,999	21
£95,000-£99,999	16
£100,000-£104,999	4
£105,000-£109,999	26
£110,000-£114,999	9
£115,000-£119,999	11
£120,000-£124,999	3
£125,000-£129,999	2
£130,000-£134,999	3
£135,000-£139,999	3
£140,000-£144,999	6
£145,000-£149,999	2
£150,000-£154,999	1
£155,000-£159,999	1
£160,000-£164,999	1
£165,000-£169,999	1
£170,000-£174,999	0
£175,000-£179,999	0
£180,000-184,999	0
£185,000-£189,999	0
£190,000-£194,999	1
£260,000-£264,999	1
Total SCS Staff Numbers	**257**

Table 21: Number of SCS within DfTc and its agencies by salary range

(1) The minimum annual salary for SCS is £75,000.

(2) Staff numbers are actual, not full-time equivalents, so a part-time member of staff counts as 1.

Pay and Performance Committee

Bernadette Kelly	Permanent Secretary, Department for Transport
Jo Shanmugalingam	Second Permanent Secretary, Department for Transport
Alan Over	Director General, Major Rail Projects Group
Nick Joyce	Director General, Corporate Delivery Group
Emma Ward	Director General, Road, Transport Group
Conrad Bailey	Director General, Public Transport and Local Group
Marianthi Leontaridi	Director General Aviation, Maritime and Security Group
Alex Hynes	Director General, Rail Strategy Group (Membership from 1 April 2024)
Richard Goodman	Director General, Rail Reform Strategy Group (Membership from 10 March 2025)
James Norton	Director, Group Human Resources

Table 22: Pay and Performance Committee members

The remit of Pay & Performance Committee includes making pay, performance, talent and development decisions for Directors (SCS2) and Deputy Directors (SCS1). The Permanent Secretaries, in consultation with the Group HR Director, decide on pay and talent for directors general (SCS3).

Pay multiples for DfT and its executive agencies (including agency staff and secondees)

The following section on pay multiples is audited information.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

	Salary and allowances	Bonus payments
Staff average	9.3%	11.3%
Highest paid director	5.0%	50.0%

Table 23: Percentage change in salary and bonuses for the highest paid Director and the staff average for 2024-25.

	2024-25	2023-24
Band of highest paid board member's total remuneration (£000)	205-210	195-200
Median remuneration (£)	31,976	30,446
Ratio	6.5	6.5
25th percentile remuneration (£)	26,392	26,037
Ratio	7.9	7.6
75th percentile remuneration (£)	45,619	43,897
Ratio	4.5	4.5

Table 24: Ratio between the highest paid directors' total remuneration and the lower quartile, median and upper quartile for staff pay.

	Lower quartile		Median		Upper quartile	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Salary	25,159	23,847	31,249	28,704	44,062	41,512
Total Pay and Benefits	**26,392**	**26,037**	**31,976**	**30,466**	**45,619**	**43,897**

Table 25: Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits.

The above statistics for 2024/25 were calculated using individual-level data from DfT's Annual Civil Service Employment Survey (ACSES) returns. All staff in post (on full or reduced pay) on 31st March 2025 are included from the central Department, ATE, DVLA, DVSA, MCA and VCA. Their salaries are full-time equivalent on an annualised basis.

Total remuneration includes this salary, non-consolidated performance-related pay for the financial year, and allowances. It does not include severance payments, employer pension contributions, or the cash equivalent transfer value of pensions.

The ratios are calculated by taking the mid-point of the banded remuneration of the highest paid executive board member and calculating the ratio between this and the lower quartile, median, and upper quartile remuneration of the Department's staff.

The banded remuneration of the highest paid executive board member in DfT in the financial year 2024-25 was £205,000-£210,000. This compares with £195,000-£200,000 for 2023-24,

This was:

- 7.9 times the lower quartile remuneration of the workforce (£26,392);
- 6.5 times the median remuneration of the workforce (£31,982); and
- 4.5 times the upper quartile remuneration of the workforce (£45,619).

These figures are similar to those for 2023/24.

- In 2024-25, as in 2023-24, one employee received higher remuneration than the highest paid executive board member. Remuneration ranged from £23,310 to £273,000, compared with a range of £21,209 to £274,300 for the previous financial year.

Pension arrangements across the Departmental Group

Employees of entities included in these accounts benefit from a range of pension scheme arrangements. Some are members of employee-specific defined benefit schemes, set out in Note 24 to the Financial Statements. Others may be members of the Principal Civil Service Pension Scheme (PCSPS), or of defined contribution arrangements. The key schemes and associated costs for the Departmental group are disclosed below.

The PCSPS is an unfunded multi-employer defined benefit scheme, but DfT is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out in 2020. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation Annual Report and Accounts.

For 2024-25, employers' contributions of £160.96 million were payable to the PCSPS (2023-24: £146.29 million) at the rate of 28.97% (2023-24: 26.6% to 30.3%) of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024-25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account (a stakeholder pension with an employer contribution). For 2024-25, employers' contributions of £1.31 million (2023-24: £1.25 million) were paid to Legal and General. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £43,978 0.5% (2023-24: £43,157, 0.5%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

The core Department and its executive agencies neither owed or had prepaid any contributions to partnership pension providers as at 31 March 2024 and 2025.

There were 18 early retirements as a result of ill-health (2023-24: 14).

Network Rail

Network Rail has two defined pension schemes. The RPS and Career Average Revalued Earnings (CARE) schemes are both shared cost in nature, so the cost of benefits being earned and the cost of funding any shortfall in the schemes are normally split in the proportion 60:40 between the group and the members. In practice, the contributions are adjusted at each triennial valuation to reflect the funding position of the schemes at that time. For 2023-24, the current service cost was £176 million (2022-23: £324 million).

On 1 April 2004, a defined contribution pension scheme was introduced, the Network Rail Defined Contribution Pension Scheme (NRDCPS). This is an auto-enrolment scheme for all new employees of Network Rail, except those who have the legal right to join the Railway Pension Scheme (RPS), in compliance with regulations made under the Pensions Act 2008. Any employee who wishes to transfer from the Network Rail Section of the RPS to the NRDCPS is entitled to do so. For 2023-24 employers' contributions of £24 million were payable into this scheme (2022-23: £27 million).

National Highways

National Highways offers employees access to; The Civil Service Pension Schemes, National Highways Personal Pension Scheme and the Mercer Defined Benefit Master Trust (previously known as the Federated Pension Scheme). These are described in more detail below including the eligibility criteria applied.

Under the PCSPS, CSOPS, and the NHPP, pension liabilities do not rest with the company. For these schemes, employer pension contributions are recognised as they become payable following qualifying service by employees.

The Principal Civil Service Pension Scheme

This is an unfunded public sector pension scheme, operated under the cost control mechanism as outlined in Section 12 of the Public Service Pension Act 2013. A full actuarial valuation was carried out as at 31 March 2016. Details regarding the scheme can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

The operation of the cost control mechanism in relation to the 2016 valuations was paused on 30 January 2019. Contribution rates for employers and members have, therefore, remained unchanged from the previous year. For the year to 31 March 2024, employers' contributions of £21.5 million (2022-23 £21.5 million) were payable to the Principal Civil Service Pension Scheme and Public Service (Civil Service and Others) Pensions Scheme at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

Our people can choose to switch to a Partnership Pension Account. This is a defined contribution scheme operated by Legal and General, the Scheme Manager (Cabinet Office) appointed single provider. Employer contributions are age-related and range from 8% to 14.75%. The company also matches employee contributions up to 3% of pensionable earnings. Contributions due to the partnership pension account as of 31 March 2024 were £0.13 million (2022-23 £0.11 million). In addition, employer contributions of £0.005 million (2022-23 £0.003 million). 0.5% of pensionable pay, were payable to the Principal Civil Service Pension Scheme to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

The National Highways Pension Plan

Employees who joined the company with effect from 1 April 2015 are eligible to participate in the National Highways Personal Pension Scheme. The pension scheme came into effect on 1 April 2015 and is a defined contribution group personal pension plan provided by a Legal and General Ltd.

As this is a defined contribution scheme, our company incurs no liability for future pension costs of members of the pension plan. For the year to 31 March 2024, employers' contributions of £31.6 million (2022-23 18.7 million) were payable to the plan.

The Mercer Defined benefit Master Trust

National Highways are a participating employer within the multi-employer Mercer Defined Benefit Master Trust scheme. It is operated by Mercers, with the organisation holding responsibility for future member pension costs for the two sections to which National Highways are registered as sponsoring employer: the National Highways Company Limited Section and the National Highways (Severn Bridges Section).

Mercers both manage and administrate the scheme, with trusteeship provided by professional trustees: PAN Trustees, Independent Trustee Services and PTL. National Highways are required to meet each section's liabilities and full actuarial valuations are completed by the scheme's appointed trustees on a triennial basis.

The National Highways Company Limited Section

This section was established on 1 July 2016 to protect the defined benefit pension rights of individuals joining the company via a 'Transfer of Undertakings Regulations'. The current membership is low, and instances of new joiners are limited.

The National Highways (Severn Bridges) Section

This section was established when the existing Severn River Crossing Pension Fund was wound up and transferred on the 31 December 2019, when National Highways assumed responsibility for the Severn River Crossing from Severn River Crossing Plc. The current active membership of the scheme is limited; this section is made up of predominately deferred or pensioner members. The contribution rates are based on an actuarial valuation of the scheme as at 5 April 2020, outlined in the Statement of Funding Principle and agreed with the trustees in August 2021. Employer contributions are 38.3% of pensionable earnings.

Employer's contributions of £0.1 million were paid to this section in the period to 31 March 2024 (2022-23 £0.1 million).

The actuarial valuation of this section as at 5 April 2020 revealed a funding shortfall. To eliminate the funding shortfall, a Recovery Plan was agreed with the trustees with additional contribution to be paid of £1.1m per annum until 31 March 2024. A preliminary actuarial valuation was received for the 5tApril 2023 triannual review, which shows a further shortfall and funding is currently being agreed with the trustees. A provision for £4.8m has been recognised in the accounts.

British Transport Police

British Transport Police has two defined benefit pension schemes; the British Transport Police Force Superannuation Fund ('Police Officer scheme') and the British Transport Police Shared Cost Section of the Railways Pension Scheme ('Staff scheme'). Both schemes registered pension schemes are intended to be a fully funded providing benefits on a 'defined benefit' basis. For 2023-24, the current service cost for both schemes were £41.5 million (2022-23: £105.5 million).

Off Payroll Engagements

As part of the review of tax arrangements of public sector appointees published by the Chief Secretary to HMT on 23 May 2012, departments and their public bodies were asked to report on their off-payroll engagements.

Data on these appointments is set out in tables 1 to 3.

	DfTc	BTPa	DVSA	DVLA	NH	HS2 Ltd	MCA	NR	VCA	ATE	EWRco	Total
No. of existing engagements as at 31 March 2025*	14	3	192	91	13	277	21	652	5	3	12	1,283
Of which:												
No. that have existed for less than one year at time of reporting	7	1	141	54	5	176	15	187	0	2	10	598
No. that have existed for between one and two years at time of reporting	3	1	50	26	7	38	3	159	0	1	2	290
No. that have existed for between two and three years at time of reporting	3	0	0	9	1	32	0	113	3	0	0	161
No. that have existed for between three and four years at time of reporting	1	0	1	2	0	18	0	89	2	0	0	113
No. that have existed for four or more years at time of reporting	0	1	0	0	0	13	3	104	0	0	0	121

Table 26: Off-payroll engagements as at 31 March 2025, earning £245 per day or greater

Organisations with a nil return are not included in the above table

DfTc, its executive agencies, and public bodies have clearly defined governance and challenge processes in place to ensure they are compliant with the off-payroll (IR35) working rules. The Departmental Approvals Committee provides independent challenge and seeks assurance from the Core Department and the executive agencies that: every effort is being made to reduce its reliance on off-payroll resource; that a process is in place to transfer skills from off-payroll resource to permanent staff, and that alternative resourcing options have been considered. Similar governance arrangements exist within the arm's length bodies.

DfT undertakes a risk-based sampling exercise where a selection of engagements, which include those previously assessed as being out-of-scope, are reassessed for consistency to ensure that the status of the role has not changed, which would thus deem them to be in-scope of IR35 legislation. Table 27 shows the number of engagements that were reassessed for consistency purposes during the 2024-25 financial year.

DfT confirms that all the engagements reported in Table 26 and 27 where applicable have been considered using HMRC's IR35 assessment tool, apart from those in HS2 Ltd, where the default is that all roles are assessed as being in scope of the off payroll working rules. The assessment tool is then only used when a role is identified to be out of scope, to assess its compliance against the legislation.

	DfTc	BTPa	DVSA	DVLA	NH	HS2 Ltd	MCA	NR	VCA	ATE	EWRco	Total
No. of engagements between 1 April 2024 and 31 March 2025	25	6	337	155	26	393	29	959	5	7	20	1,962
Of which:												
No. not subject to off-payroll legislation	21	3	337	147	26	1	29	906	0	5	20	1,495
No. assessed in scope of IR35	3	3	0	6	0	378	0	48	0	0	0	438
No. assessed as out of scope of IR35	1	0	0	2	0	14	0	5	5	2	0	29
No. of engagements reassessed for consistency / compliance purposes during the year*	1	0	0	2	0	16	0	0	0	0	0	19
No. of engagements whose IR35 status changed following reassessment	1	0	0	0	0	0	0	0	0	0	0	1

Table 27: All off-payroll engaged at any point between 1 April 2024 and 31 March 2025, earning £245 per day or greater.

Organisations with a nil return are not included in the above table.

These figures represent the number of engagements which were reassessed during the period to ensure compliance with IR35 legislation.

Core Department (DfTc): Engagements deemed in-scope of the legislation are recruited through the Public-Sector Resourcing framework and placed on the payroll of the Department's chosen commercial framework supplier to ensure tax deductions are taken at source. Most off-payroll engagements were via umbrella companies and as a result, not subject to the IR35 legislation.

British Transport Police Authority (BTP): A robust governance process is in place to challenge and control the use of off-payroll engagements and ensure compliance. No engagements were deemed to be out of scope, as a result no sample tests were undertaken to reassess consistency and compliance.

Driver and Vehicle Standards Agency (DVSA): Use of contingent labour for FY 24-25 is managed closely with only essential requests being agreed internally before being escalated for DfT DAC clearance. As previous years, these have been for roles where there is a temporary need for specialist skills e.g. Project Management on digital or estates projects and strategic communications or where DVSA has faced real challenges in the recruitment market for specific skill types e.g. financial accountants and digital development roles.

As reported last year, in line with HMT guidance on IR35 compliance, DVSA extended its checks to include resources engaged through Managed Service arrangements. DVSA confirms that the Managed Services suppliers have reported that resources are either on their payroll, or they have carried out the necessary IR35 checks.

The total number of contingent labour engagements for 2024-25 was 337 compared to 255 the previous year. Of these, DVSA directly hired 27 workers during this period, a decrease of 25 on last year's reported figures. The remaining 310 engagements were managed through the Managed Service arrangement (see previous paragraph), who supplied workers to fulfill their obligations under DVSA Statement of Work contracts.

Driver and Vehicle Licensing Agency (DVLA): All engagements are assessed for compliance prior to recruitment, at the outset. Engagements that are both in scope and out of scope of the IR35 legislation are reviewed for consistency. Two engagements were reassessed for consistency and assurance purposes, without resulting in a change to their initial status.

The increased volume of engagements is due to an increase of approved IT change projects and a finite number of internal resources have driven the need for more external resources in order to meet the delivery.

National Highways (NH): A robust governance process is in place to challenge and control the use of off-payroll engagements and ensure compliance. All existing off [1] payroll engagements, outlined above, have at some point been subject to a risk-based assessment. This covered whether assurance was required around whether the individual is paying the right amount of tax; where necessary, further evidence was sought.

High Speed 2 Ltd (HS2 Ltd): A central recruitment authorisation panel ensures governance and challenge for the recruitment of off-payroll workers with representation from Finance and Human Resources. A process is in place to provide independent assessment of engagements deemed out-of-scope of the IR35 legislation to ensure compliance. In the period, sixteen engagements were reassessed for consistency and compliance, and two resulted in a change to their initial status.

Maritime and Coastguards Agency (MCA): A process is in place to challenge the business on the use of off-payroll engagements. Hiring managers must critically consider alternative resourcing options including looking at in-house capability before off-payroll engagements are approved. All requests for, and extensions of, contingent labour and off-payroll engagements require sign off from the MCA Departmental Approvals Committee. It is the expectation of the MCA that all contingent labour is procured and placed on a payroll, be that of a recruitment agency or a specialist payroll company.

Network Rail (NR): Robust processes and procedures are in place to determine the status of off-payroll engagements against the IR35 legislation. Random reviews of determinations are carried out during the year to ensure accuracy. This provides assurance that all workers engaged in the business are being correctly paid and fulfilling all income tax and national insurance obligations.

During this year NR have worked to deliver year 1 of the CP7 strategy with a focus on delivering a simpler, better, greener railway and improving performance, while developing the strategy for GBR. NR continues to monitor budgets closely and actively to ensure resources are managed efficiently and effectively to align with the CP7 strategy and the implementation of GBR.

Vehicle Certification Agency (VCA): A process is in place to assess compliance with the IR35 legislation. Majority of engagements were not subject to IR35 legislation.

Active Travel England (ATE): A process is in place to assess compliance with the IR35 legislation. All engagements are reviewed internally by Corporate Services to ensure consistency and compliance. ATE has engaged contingent labour to fill short-term specialist skill gaps around project management and digital and data. These workers have supported the growth of the agency and helped deliver key organisational priorities.

East West Rail Company Limited (EWRco): A process is in place to manage compliance and recruitment of off-payroll engagements. None of the engagements that were recognized as being ‘off-payroll’ workers from the outset were subject to IR35 legislation.

	DfTc	BTPa	DVSA	DVLA	NH	HS2 Ltd Ltd Ltd	MCA	NLB	NR	TF	THLS	VCA	ATE	EWRco	Total
No. of off-payroll engagements of board members, and / or, senior officials with significant financial responsibility, during the financial year	2	0	0	0	0	3	0	0	0	0	0	0	0	0	5
Total no. of individuals that have been deemed ‘board members, and / or, senior officials with significant financial responsibility’, during the financial year. This figure includes both on payroll and off-payroll engagements	47	10	6	13	16	32	15	0	18	1	0	5	1	12	176

Table 28: Off-payroll engagements of board members, and / or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

Details of the exceptional circumstances that led to the above off-payroll engagements with significant financial responsibility, and the duration of the engagement is as follows:

DfTc High Speed Rail: on 1 July 2018 a Construction Commissioner was appointed for three years, ending on 30 September 2021, the appointment was extended by three months in 2021 and ministers agreed to formal reappointment with effect from 1 January 2022. The reappointment was for a two year and nine-month continuation of the extended term, which was due to end on 30 September 2024. Submission was also approved by ministers for another extension to the end of June 2025 (9 extra months), however end date was brought forward to 31 March 2025.

On 18 April 2022 a Resident Commissioner was appointed for three years, which ended 17 April 2025. A new Commissioner, whose role will combine as both the Construction and Resident Commissioner, is due to start soon, official start date and end date TBC but should hopefully be confirmed by next IR35 commission.

Consultancy and temporary staff costs

During 2024-25, DfTc, it's executive agencies and delivery bodies employed a number of consultancy and temporary staff.

Consultancy is the provision of objective advice relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives. Such advice is provided outside the 'business-as-usual' environment when inhouse skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions.

Consultancy costs are incurred primarily on specialist transport-related activities across the Group, notably in Network Rail and the central department.

Temporary staff costs are incurred when staff are brought in to supplement the existing workforce, this could be due to a surge in demand, to address a short-term resourcing need or in a temporary capacity for specialist skills.

Temporary staff costs are incurred primarily in major infrastructure programme across the Group, notably in Network Rail and High Speed 2 and continue to be the most significant driver of these costs.

	Consultancy	Temporary staff	Total
Network Rail	72,612,883	94,717,300	167,330,183
DfTc	58,091,944	2,364,109	60,456,053
High Speed 2	13,983,178	16,069,812	30,052,990
East West Rail	694,105	2,593,430	3,287,535
DVLA	619,608	2,053,060	2,672,668
DVSA	325,627	2,534,835	2,860,462
National Highways	3,566,469	3,161,609	6,728,078
BTP	5,005	875,914	880,919
MCA	699,680	3,495,416	4,195,096
VCA	1,540,497	627,654	2,168,151
Northern Lighthouse Board	0	828,064	828,064
Trinity House	0	567,462	567,462
Transport Focus	0	305,059	305,059
Commission for Irish Lights	4,500	89,162	93,662
Air Travel Trust Fund	0	0	0
LCR Finance Company	0	0	0
CTRL Finance Company	0	0	0
Air Safety Support International	26,575	0	26,575
Trainfleet	0	0	0
ATE	968,989	763,153	1,732,142
Department Total	**153,139,060**	**131,046,039**	**284,185,099**

Table 29: Consultancy and temporary staff costs (audited information)

Exit Packages (audited information)

Exit package cost band	2024-25 Compulsory redundancies	2023-24 Compulsory redundancies	2024-25 Other departures agreed	2023-24 Other departures agreed	2024-25 Total Exits	2023-24 Total Exits
<£10,000	1	0	13	13	14	13
£10,000–£25,000	1	1	14	7	15	8
£25,000–£50,000	0	0	11	8	11	8
£50,000–£100,000	0	0	8	3	8	3
£100,000–£150,000	0	0	0	0	0	0
£150,000–200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages	2	1	46	31	48	32
Total Cost (£)	£21,571.28	£21,221	£1,270,185.44	583,094	£1,291,756.72	604,315

Table 30: DfTc and Agencies (audited information)

Exit package cost band	2024-25 Compulsory redundancies	2023-24 Compulsory redundancies	2024-25 Other departures agreed	2023-24 Other departures agreed	2024-25 Total Exits	2023-24 Total Exits
<£10,000	69	34	144	49	213	83
£10,000–£25,000	84	70	83	91	167	161
£25,000–£50,000	206	134	144	470	350	604
£50,000–£100,000	34	21	288	654	322	675
£100,000–£150,000	2	1	56	60	58	61
£150,000–200,000	0	0	15	7	15	7
>£200,000	1	0	1	2	2	2
Total number of exit packages	396	260	731	1,333	1,127	1,593
Total Cost (£)	11,730,773.50	7,475,107.16	37,343,008.40	72,694,236	49,073,781.90	80,169,343

Table 31: Whole Department Group (audited information)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972 (with the exception of Network Rail, which is not governed by Cabinet Office controls and runs separate exit schemes). Exit costs are accounted for in full in the year of departure. Where DfT has agreed early retirements, the additional costs are met by DfT and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

In line with the Constitutional Reform and Governance Act 2010 and the Model Contract for Special Advisers, a Special Adviser's appointment automatically ends when their appointing minister leaves office. Special Advisers are not entitled to a notice period but receive contractual termination benefits to compensate for this. Termination benefits are based on length of service and capped at six months' salary. If a Special Adviser returns to work for HM Government following the receipt of a severance payment, the payment is required to be repaid, less a deduction in lieu of wages for the period until their return. Termination costs for special advisers are reported in the Cabinet Office Annual Report and Accounts.

Trade Unions

Industrial Relations

A pay dispute dating back to 2022 with PCS, the union representing the largest number of DfT employees, remained unresolved at the beginning of the period. Despite this, relations between the department and its recognised trade unions have been largely positive and cordial. Regular engagement between the unions and officials was supplemented by meetings with ministers and Permanent Secretaries, and at the end of the period unions and management reached agreement on establishing a more structured engagement process to replace the former Whitley structure.

Pay negotiations in July and August resulted in a pay settlement that was agreed with two unions (FDA and Prospect). While the pay offer did not resolve the ongoing dispute with PCS, the union acquiesced to the offer being implemented and did not pursue industrial action.

Separate negotiations with Unite the Union, representing drivers in the Government Car Service (GCS), also resulted in a pay offer being rejected.

The transfer of GCS to the Cabinet Office (announced in July 2024) was the subject of consultation with both Unite and DfT Trade Union Side (FDA, PCS and Prospect), with agreement reached on protecting terms and conditions at the point of transfer and on a statement of change issued by the Cabinet Office to harmonise terms and conditions following the transfer. The transfer of staff was affected on 1 April 2025. Despite the potential challenge of industrial action, Unite's dispute over pay was resolved prior to the transfer and a pay award implemented by DfT.

No. of employees who were relevant union officials during the relevant period	FTE employee number
122	112.5

Table 32: Trade union representative – the total number of employees who were TU representatives during the relevant period.

Percentage of time	No. of employees
0%	33
1-50%	89
51%-99%	0
100%	0

Table 33: Percentage of time spent on facility time – How many employees who were TU representatives' officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

	Figures
Total cost of facility time	£187,178.14
Total pay bill	£883,987,295.82
Percentage of the total pay bill spent on facility time, calculated as: (total hours spent on paid TU activities by TU representatives during the relevant period / total paid facility time hours) x 100	0.02%

Table 34: Percentage of pay bill spent on facility time – The figures requested in the first column of the table below will determine the percentage of the total pay bill spent on paying employees who were TU representatives for facility time during the relevant period.

	Figures
Time spent on paid TU activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid TU activities by TU representatives during the relevant period ÷ total paid facility time hours) x 100	0%

Table 35: Paid TU activities – As a percentage of total paid facility time hours, how many hours were spent by employees who were TU representatives during the relevant period on paid TU activities.

Sickness Absence

Overall Average Working Days Lost (AWDL) per staff year in DfTc and its executive agencies was 9.2 days in the year ending 2025. This is up from 8.6 during the same period last year. Of these average working days lost (AWDL) 5.7 days per staff year were lost to long term sickness, this is an increase on the same period last year, where this value was 5.3.

Mental ill health remains the largest long term absence type. This is reflected at DfTc and its Executive Agencies with 2.9 days per staff year lost, a slight increase from the same period last year, where this value was 2.6.

All absence is reviewed to ensure that support is offered and occupational health reports, action plans and interventions are progressed as appropriate. DfT is focused on improving wellbeing and supporting mental health. The organisation recently started a contract with a new Employee Assistance Programme (EAP) provider, PAM assist: DfT has 42 trained Mental Health First Aiders (MHFA) across DfTc. The workplace adjustments (WPA) team has a fluid process in place to ensure WPA referrals are documented and trackable from day 1. The WPA team consistently promote the use of the workplace adjustment passport, to allow all WPA recommendations for DSE and neurodiverse adjustments to be recorded and for individuals to have regular reviews with line managers to discuss any ongoing WPA needs. The WPA team is also working closely with our Occupational Health provide to ensure a high standard of service for users.

Statement of Outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Department to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund) that Parliament gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn will not exactly agree to cash spent) and administration.

The supporting notes detail the following:

- Outturn by Estimate line, providing a more detailed breakdown (note 1);
- a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure, to tie the SOPS to the financial statements (note 2);
- a reconciliation of outturn to net cash requirement (note 3); and
- an analysis of income payable to the Consolidated Fund (note 4).

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided in the Financial Overview from page 19. Further information on the Public Spending Framework and the reasons why budgeting rules are different from IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on GOV.UK. A glossary of these financial terms can also be found in Annex A.

In SOPS 1, spending is split into Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME), and within those categories spending is further split between resource and capital. These spending categories include: cash expenditure for transactions that require the transfer of money; and non-cash expenditure relating to changes in the valuation of assets (depreciation, pensions etc.)

AME includes areas of spending that HM Treasury deems unpredictable, difficult to control and of a size that departments would have difficulty managing within DEL budgets.

DEL is usually set for the term of the Spending Review, whereas AME is forecast on a yearly basis. Departments are set annual budgets split between resource/capital and DEL/AME.

Non-voted outturn represents expenditure which has Parliamentary authority independent of the Supply and Appropriation Act; however as required by the Supply Estimates Manual, this expenditure is included within each overall control total in the Statement of Outturn Against Parliamentary Supply. The Department has a prior period adjustment (PPA) resulting from the reassessment of deferred tax assets as described in Note 1.25 to the financial statements. This PPA produces a reduction in the Group's net expenditure in the prior period. Under Consolidated Budgeting Guidance, there is no requirement to seek Parliamentary approval for a net reduction in consumption of resources.

As required by the 2024-25 FReM, the SOPS is presented in £000s. The financial statements are presented in £m.

Summary of Resource and Capital Outturn 2024-25

									2024-25	2023-24
Type of spend	**SoPS note**			**Outturn**			**Estimate**	**Outturn vs. Estimate saving/ (excess)**	**Outturn vs. Estimate saving/ (excess)**	Prior Year Outturn Total
		Voted	**Non-Voted**	**Total**	**Voted**	**Non-Voted**	**Total**	**Voted**	**Total**	**Total**
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit (DEL)										
Resource	1.1	18,708,577	19,519	18,728,096	20,525,867	19,484	20,545,351	1,817,290	1,817,255	19,588,765
Capital	1.2	20,522,859	397	20,523,256	20,665,615		20,665,615	142,756	142,359	22,094,694
Total		**39,231,436**	**19,916**	**39,251,352**	**41,191,482**	**19,484**	**41,210,966**	**1,960,046**	**1,959,614**	41,683,459
Annually Managed Expenditure (AME)										
Resource	1.1	2,142,298	(11,097)	2,131,201	4,720,877	(9,804)	4,711,073	2,578,579	2,579,872	2,774,151
Capital	1.2	(91,963)		(91,963)	148,598		148,598	240,561	240,561	(125,722)
Total		**2,050,335**	**(11,097)**	**2,039,238**	**4,869,475**	**(9,804)**	**4,859,671**	**2,819,140**	**2,820,433**	2,648,429
Total Budget										
Resource	1.1	20,850,875	8,422	20,859,297	25,246,744	9,680	25,256,424	4,395,869	4,397,127	22,362,916
Capital	1.2	20,430,896	397	20,431,293	20,814,213		20,814,213	383,317	382,920	21,968,972
Total Budget Expenditure		**41,281,771**	**8,819**	**41,290,590**	**46,060,957**	**9,680**	**46,070,637**	**4,779,186**	**4,780,047**	44,331,888

Figures in the columns labelled "Voted" cover the control limits voted by Parliament. Further information about the Supply process control limits voted by Parliament can be found in The Estimates Manual[3].

Detailed explanations of significant variances between Estimate and Net Resource Outturn and are shown after SOPS Note 1.2

Net Cash Requirement

The Net Cash Requirement is the limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to the Department in support of expenditure in its Estimate.

		2024-25	2023-24
	Note	£'000	£'000
Estimate		33,757,204	36,850,311
Outturn	SOPS 3	30,140,645	32,021,107
Under/(over) spend against Estimate		**3,616,559**	4,829,204

Administration Costs

The Administration Budget is a Treasury control on resources consumed by the Department and forms part of the Departmental Expenditure Limit (DEL). The administration budget is not a separate voted limit, but any breach of this limit will also result in an Excess Vote. Administration costs include items not directly associated with frontline service delivery.

		2024-25	2023-24
	Note	£'000	£'000
Estimate		380,406	376,214
Outturn	SOPS 1.1	370,018	362,186
Under/(over) spend against Estimate		**10,388**	14,028

The SOPS Notes on pages 192 to 200 form part of these financial statements.

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require Parliamentary authority (because Parliament does not vote to that level of detail and delegates this power to HM Treasury). In accordance with HM Treasury's Supply Estimates manual para 2.67, virements apply to voted provision only; however, if a department wishes to increase spending on a non-voted section by making savings in another section of the same part of the budget, it can do so without the need for changes to the Estimate. Further information on virements can be found in The Estimates Manual, available on gov.uk[4].

The "Outturn vs Estimate" column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

3 https://www.gov.uk/government/publications/supply-estimates-guidance-manual
4 https://www.gov.uk/government/publications/supply-estimates-guidance-manual

Notes to the statement of outturn against parliamentary supply

SOPS 1. Outturn detail, by Estimate Line

SOPS 1.1 Analysis of net resource outturn by Estimate line

												2024-25	2023-24
		Administration			Outturn Programme			Outturn	Estimate	Virements	Total inc. virements	Outturn vs. Estimate, saving / (excess)	Outturn
		Gross	Income	Net	Gross	Income	Net	Net Total	Net Total	Net Total	Net Total	Net Total	Net Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit (DEL):													
	Voted:												
A:	Tolled Crossings	-	-	-	45,066	(140,047)	(94,981)	(94,981)	(88,796)	-	(88,796)	6,185	(98,908)
B:	Local Authority Transport	-	-	-	374,652	(44,750)	329,902	329,902	325,555	4,347	329,902	-	382,152
C:	National Highways (net)	44,743	-	44,743	3,240,208	-	3,240,208	3,284,951	3,994,846		3,994,846	709,895	3,472,871
D:	Funding of other ALBs (net)	1,301	-	1,301	(62,221)	-	(62,221)	(60,920)	(55,305)	64	(55,241)	5,679	(44,036)
E:	Other Railways	-	-	-	492,755	(406,741)	86,014	86,014	86,079		86,079	65	84,000
F:	Sustainable Travel	-	-	-	163,111	(6,195)	156,916	156,916	133,490	23,426	156,916	-	166,405
G:	Bus Subsidies & Concessionary Fares	-	-	-	1,073,644	(5,714)	1,067,930	1,067,930	1,118,010	(37,917)	1,080,093	12,163	957,433
H:	GLA Transport Grants	-	-	-	1,035	-	1,035	1,035	1,095		1,095	60	184,823
I:	Crossrail	-	-	-	2,813	(39,606)	(36,793)	(36,793)	(39,839)	3,046	(36,793)	-	(42,196)
J:	Aviation, Maritime, Security and Safety	-	-	-	167,448	(76,484)	90,964	90,964	88,789	2,175	90,964	-	77,643
K:	Maritime and Coastguard Agency	9,339	(563)	8,776	444,403	(18,654)	425,749	434,525	447,684	72	447,756	13,231	424,645
L:	Motoring Agencies	-	-	-	1,175,965	(1,096,977)	78,988	78,988	90,966		90,966	11,978	50,601
M:	Science, Research and Support Functions	-	-	-	28,155	(777)	27,378	27,378	35,882		35,882	8,504	30,802
N:	Central Administration	336,951	(23,302)	313,649	92,345	(90,792)	1,553	315,202	363,080	(136)	362,944	47,742	396,087
O:	Support For Passenger Rail Services	-	-	-	2,437,487	-	2,437,487	2,437,487	2,558,315		2,558,315	120,828	2,502,923
P:	High Speed Rail	-	-	-	105,143	(25,071)	80,072	80,072	38,589	41,483	80,072	-	25,248
Q:	Transport Development Fund	-	-	-	85,736	-	85,736	85,736	25,317	60,419	85,736	-	10,582
R:	High Speed Two Limited (net)	1,350	-	1,350	65,770	-	65,770	67,120	80,047		80,047	12,927	1,110,799

											2024-25	2023-24
	Administration			Outturn Programme			Outturn	Estimate	Virements	Total inc. virements	Outturn vs. Estimate, saving / (excess)	Outturn
	Gross	Income	Net	Gross	Income	Net	Net Total	Net Total	Net Total	Net Total	Net Total	Net Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S: East West Rail Company Limited (net)	166	-	166	125,506	-	125,506	125,672	127,882		127,882	2,210	95,391
T: Network Rail (net)	-	-	-	10,231,379	-	10,231,379	10,231,379	11,194,181	(96,979)	11,097,202	865,823	9,783,866
Total Spending in Voted Resource DEL	**393,850**	**(23,865)**	**369,985**	**20,290,400**	**(1,951,808)**	**18,338,592**	**18,708,577**	**20,525,867**	**-**	**20,525,867**	**1,817,290**	19,571,131
Non-Voted:												
U: Funding of ALBs (net)	33	-	33	19,486	-	19,486	19,519	19,484		19,484	(35)	17,634
Total Spending in Resource DEL	**393,883**	**(23,865)**	**370,018**	**20,309,886**	**(1,951,808)**	**18,358,078**	**18,728,096**	**20,545,351**	**-**	**20,545,351**	**1,817,255**	19,588,765
Spending in Annually Managed Expenditure (AME):												
Voted:												
V: National Highways (net)	-	-	-	197	-	197	197	10,000	(8,293)	1,707	1,510	27,635
W: Network Rail (net)	-	-	-	1,910,634	-	1,910,634	1,910,634	4,318,785	(347)	4,318,438	2,407,804	2,443,198
X: Funding of other ALBs (net)	-	-	-	18,156	-	18,156	18,156	111,655		111,655	93,499	16,341
Y: Other Railways	-	-	-	382,773	(200,902)	181,871	181,871	193,119	(11,248)	181,871	–	231,822
Z: Aviation, Maritime, Security and Safety	-	-	-	-	(592)	(592)	(592)	(592)		(592)	–	(711)
AA: Maritime and Coastguard Agency	-	-	-	(299)	-	(299)	(299)	1,000		1,000	1,299	(2,555)
AB: Motoring Agencies	-	-	-	7,363	-	7,363	7,363	(930)	8,293	7,363	–	4,423
AC: Central Administration	-	-	-	22,278	-	22,278	22,278	96,000		96,000	73,722	28,913
AD: High Speed Rail	-	-	-	-	-	-	-	1		1	1	645
AE: High Speed Two Limited (net)	-	-	-	3,155	-	3,155	3,155	(8,440)	11,595	3,155	–	33,642
AF: East West Rail Company Limited (net)	-	-	-	(465)	-	(465)	(465)	279	-	279	744	882
Total Spending in Voted AME	**-**	**-**	**-**	**2,343,792**	**(201,494)**	**2,142,298**	**2,142,298**	**4,720,877**	**-**	**4,720,877**	**2,578,579**	2,784,235
Non-Voted:												
AG: Funding of ALBs (net)	-	-	-	(11,097)	-	(11,097)	(11,097)	(9,804)		(9,804)	1,293	(10,084)
Total Spending in Resource AME	**-**	**-**	**-**	**2,332,695**	**(201,494)**	**2,131,201**	**2,131,201**	**4,711,073**	**-**	**4,711,073**	**2,579,872**	2,774,151
Total Spending in Resource Outturn	**393,883**	**(23,865)**	**370,018**	**22,642,581**	**(2,153,302)**	**20,489,279**	**20,859,297**	**25,256,424**	**-**	**25,256,424**	**4,397,127**	22,362,916

SOPS 1.2 Analysis of net capital outturn by Estimate line

		2024-25							2023-24
		Outturn			Estimate			Outturn vs. Estimate, saving/ (excess)	Outturn
		Gross £'000	Income £'000	Net total £'000	Total £'000	Virements £'000	Total inc. virements £'000	£'000	£'000
Spending in Departmental Expenditure Limit (DEL):									
Voted:									
A:	Tolled Crossings	-	-	-	-		-	-	721
B:	Local Authority Transport	1,712,774	-	1,712,774	1,634,277	78,497	1,712,774	-	1,770,231
C:	National Highways (net)	3,662,363	-	3,662,363	3,670,300		3,670,300	7,937	3,446,436
D:	Funding of other ALBs (net)	59,684	-	59,684	70,095		70,095	10,411	14,463
E:	Other Railways	149,564	-	149,564	98,388	51,176	149,564	-	216,486
F:	Sustainable Travel	486,661	-	486,661	576,759	(90,098)	486,661	-	408,734
G:	Bus Subsidies & Concessionary Fares	235,699	-	235,699	231,525	4,174	235,699	-	262,122
H:	GLA Transport Grants	82,059	-	82,059	77,200	4,859	82,059	-	818,039
I:	Crossrail	-	(218,966)	(218,966)	(174,000)		(174,000)	44,966	(150,821)
J:	Aviation, Maritime, Security and Safety	224,943	(615)	224,328	262,347		262,347	38,019	133,718
K:	Maritime and Coastguard Agency	85,207	-	85,207	76,439	8,768	85,207	-	32,510
L:	Motoring Agencies	70,689	(2,800)	67,889	70,539		70,539	2,650	62,801
M:	Science, Research and Support Functions	21,396	(1,586)	19,810	33,531		33,531	13,721	18,989
N:	Central Administration	7,309	-	7,309	8,690		8,690	1,381	17,666
O:	Support For Passenger Rail Services (net)	104,484	-	104,484	124,099	(19,293)	104,806	322	110,502
P:	High Speed Rail	92,391	-	92,391	178,820	(86,429)	92,391	-	403,043
Q:	Transport Development Fund	1,169,632	-	1,169,632	1,149,600	20,032	1,169,632	-	1,185,101
R:	High Speed Two Limited (net)	6,845,607	-	6,845,607	6,797,704	47,903	6,845,607	-	7,385,879
S:	East West Rail Company Limited (net)	1,166	-	1,166	1,237		1,237	71	3,901
T:	Network Rail (net)	5,735,198	-	5,735,198	5,778,065	(19,589)	5,758,476	23,278	5,952,974
Total Spending in Voted DEL		**20,746,826**	**(223,967)**	**20,522,869**	**20,665,615**	**-**	**20,665,615**	**142,756**	22,093,495
Non-Voted:									
U:	Funding of ALBs (net)	397	-	397	-	-	-	(397)	1,199
Total Spending in Resource DEL		**20,747,223**	**(223,967)**	**20,523,256**	**20,665,615**	**-**	**20,665,615**	**142,359**	22,094,694

								2024-25	2023-24
				Outturn			Estimate	Outturn vs. Estimate, saving/ (excess)	Outturn
		Gross £'000	Income £'000	Net total £'000	Total £'000	Virements £'000	Total inc. virements £'000	£'000	£'000
Spending in Annually Managed Expenditure (AME):									
Voted:									
V:	National Highways (net)	85,167	-	85,167	100,000		100,000	14,833	133,978
W:	Network Rail (net)	-	-	-	-		-	-	
Y:	Other Railways	-	(15)	(15)	-		-	15	(14)
Z:	Aviation, Maritime, Security and Safety	-	(11,667)	(11,667)	(11,667)		(11,667)	-	-
AD:	High Speed Rail	(171,265)	-	(171,265)	56,844	(4,312)	52,532	223,797	(261,193)
AE:	High Speed Two Limited (net)	5,817	-	5,817	1,505	4,312	5,817	-	(968)
AF:	East West Rail Company LImited (net)	-	-	-	1,916		1,916	1,916	2,475
Total Spending in Voted AME		**(80,281)**	**(11,682)**	**(91,963)**	**148,598**	**-**	**148,598**	**240,561**	(125,722)
Total Spending in Capital AME		**(80,281)**	**(11,682)**	**(91,963)**	**148,598**	**-**	**148,598**	**240,561**	(125,722)
Total Spending in DEL & AME (Budget)		**20,666,942**	**(235,649)**	**20,431,293**	**20,814,213**	**-**	**20,814,213**	**382,920**	21,968,972

Variances

The Department estimates the costs for each budget type and monitors these throughout the year. Final budgets for the year are authorised through the Supplementary Estimate. Significant variances between Outturn and Estimates before virements are set out in the table below.

Expenditure Line	Outturn	Estimate	Variance (over)/ under	Explanation of variance
	£'000	£'000	£'000	
Resource DEL				
National Highways (net)	3,284,951	3,994,846	709,895	Depreciation of the Strategic Road Network is based on year-end condition assessment under Depreciated Replacement Cost valuation rules: this assessment produced a lower depreciation charge for the year than anticipated in the Estimate.
Bus Subsidies & Concessionary Fares	1,067,930	1,118,010	50,080	For some schemes, actual costs are demand-led, resulting in an underspend in the final outturn.
Support for Passenger Rail Services	2,437,487	2,558,315	120,828	Rail costs for the year were dependent on a number of assumptions around revenues, industrial action and pay award. Final outturn resulted in an underspend compared with the Supplementary Estimate.
Transport Development Fund	85,736	25,317	(60,419)	Additional Resource funding was accelerated to Mayoral Strategic Authorities (MSAs) to drive improvements in capacity and capability, so support of the delivery of city region sustainable transport settlement capital schemes.
Network Rail (net)	10,231,379	11,194,181	962,802	Depreciation of the Railway Network is based on Depreciated Replacement Cost valuation rules. Movements in key economic inputs including inflation, in the valuation model between the Estimate and year-end produced a reduction in forecast depreciation charge.
Resource AME				
Network Rail (net)	1,910,634	4,318,785	2,408,151	Derivative and accretion costs were lower in the year than forecast in the Estimate
Funding of other ALBs (net)	18,156	111,655	93,499	British Transport Police (BTP) related defined benefit current service costs were lower compared to the Estimate.
Central Administration	22,278	96,000	73,722	Actuarially calculated non-cash pension costs were lower than allowed for in the Estimate.
Capital DEL				
Local Authority Transport	1,712,774	1,634,277	(78,497)	Increased approved expenditure on Local Maintenance compared to planned levels through the Estimate.
Sustainable Travel	486,661	576,759	90,098	The Department underspent on a number of grant schemes, including local charging infrastructure. Additionally, the Department underspent on zero emission infrastructure and air quality schemes.
High Speed Rail	92,391	178,820	86,429	The settlement of Land & Property claims was lower than anticipated, with some higher-level claims taking longer to conclude.
Capital AME				
High Speed Two Limited (net)	(171,265)	56,844	228,109	This outturn reflects the net position between uptake of new provisions and utilisation of existing provisions. Utilisation of provisions creates a credit in CAME; this exceeded the uptake of new provisions anticipated in the estimate.

SOPS 2. Reconciliation of outturn to net operating expenditure

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the gap between the resource outturn and net operating expenditure, linking the SOPS to the financial statements.

		Note	2024-25 £'000	2023-24 (restated) £'000
Total resource outturn in Statement of Parliamentary Supply		SOPS 1.1	**20,859,297**	22,362,916
Add:	Capital grants	3.3	3,832,386	4,715,270
	Research and development	3.2	220,577	127,228
	Research and development grants	3.3	21,370	27,612
	EU Grants	3.3	66	819
	Capital subsidies for Rail Operators		98,996	103,173
	Share of (profit)/loss of investments measured using equity accounting	4	(17,201)	(164,300)
less:	Capital income		(705,483)	(489,002)
	Non-budget CFER income		(170,459)	(157,324)
	Other adjustments		(16,526)	(146,000)
Net Operating Expenditure in Statement of Comprehensive Net Expenditure		SOCNE	**24,123,023**	26,380,392

Capital Grants, Research and development and EU Capital Grants are budgeted for as Capital DEL but accounted for as expenditure in the SOCNE, and therefore function as a reconciling item between Resource and Net Operating Expenditure.

Capital Income is budgeted for as Capital DEL but accounted for as income in the SOCNE, and therefore functions as a reconciling item between Resource and Net Operating Expenditure. Network Rail and the Core department received material levels of capital income: these relate to contributions from other bodies towards capital projects.

The Non-Budget CFER income of £170m in 2024-25 comprises £182m of CFERs recognised in-year (as shown on the face of the SOCTE) less £1m of loan interest that is classified as RAME and £11m capital repayment of loans.

Share of profit and loss in associates is not included in budgets and has no impact on Outturn.

Other adjustments in 2024-25 relate to a capital £16m adjustment to MCA's helicopter leases. As described in Note 1.25, the financial statements include a prior period adjustment which reduces net expenditure for 2023-24 by £146,000k. As there is no requirement to seek Parliamentary or HM Treasury approval for this reduction in resources consumed, this amount is classified as Other Adjustments in the table above in respect of 2023-24.

SOPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the gap between the resource and capital outturn and the net cash requirement.

		Net Outturn	Estimate	Net Outturn vs Estimate
	Note	£'000	£'000	£'000
Resource outturn	SOPS 1.1	20,859,297	25,256,424	4,397,127
Capital outturn	SOPS 1.2	20,431,293	20,814,213	382,920
Total outturn		**41,290,590**	**46,070,637**	**4,780,047**
Accruals to cash adjustments for Core Department & Agencies				
Depreciation, amortisation and impairments	3.4	(265,219)	(266,553)	(1,334)
Provisions (non-cash movements)	22	102,820	(100,162)	(202,982)
Other non-cash items	3, 4	(69,530)	53,777	123,307
Adjustments to reflect movements in working capital balances in Core Department & Agencies				
Increase/(decrease) in receivables	16	(225,214)		225,214
(Increase)/decrease in payables	18, 19	583,588	1,000,966	417,378
Utilisation of provisions	22	90,323	201,860	111,537
Adjustments for arm's length bodies:				
Remove: voted resource and capital		(31,977,778)	(36,194,752)	(4,216,974)
Add: Grant-in-Aid, grants and loans to ALBs	3.3, 11	37,385,994	23,001,111	(14,384,883)
Less: repayments from ALBs to DfT	11	(16,778,368)		16,778,368
Removal of non-voted budget items				
Remove non-voted spending		(8,820)	(9,680)	(860)
CFER income included in budgets		12,259		(12,259)
Net Cash Requirement		**30,140,645**	**33,757,204**	**3,616,559**

SOPS 4. Amounts of income to the Consolidated Fund

SOPS 4.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the Department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics):

	Outturn total 2024-25		Prior year 2023-24	
	Income accrued £'000	**Cash received** £'000	Income accrued £'000	Cash received £'000
Operating income outside the ambit of the Estimate – Resource	170,459	*158,577*	158,044	*159,624*
Operating income outside the ambit of the Estimate – Capital	11,667	*11,667*		
Total income payable to the Consolidated Fund	**182,126**	*170,244*	158,044	*159,624*

The income above includes:

- £150m of fees relating to the sale and transfer of personalised registration marks by the Driver and Vehicle Licensing Agency (2023-24: £150m). Amounts earned by DVLA above £150m are retained by the Department and are to fund other transport activities.
- £12.3m in interest and loan repayments made to the Department from the General Lighthouse Fund (2023-24: £0.7m interest payments).
- £0.7m in CFER profit on property disposal in Exmoor, Teignmouth and North Norfolk in MCA (2023-24: £nil).
- £19.2m in proceeds of enforcement action relating to the Dartford charging scheme (2023-24: £7.3m).

The cash received above includes:

- £7.3m of cash received relates to fines accrued in 2023-24 and received in cash and paid to HMT in 2024-25, in line with the accounting policies set out in Note 1.23.

SOPS 4.2 Consolidated Fund income

The Consolidated Fund income shown in SOPS 4.1 above does not include any amounts collected by the Department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	2024-25	2023-24
	£'000	£'000
Licence fees, penalties and fines	454,128	390,462
Costs of collection – where deductible	(50,559)	(44,602)
Amounts payable to the Consolidated Fund	403,569	345,860
Balance held at the start of the year	21,414	6,397
Payments into the Consolidated Fund	(345,814)	(330,843)
Balance held on trust at the end of the year	79,169	21,414

The amount payable to the Consolidated Fund (net income) above includes:

- £333m levied on fuel producers for buy-out of their sustainable fuel certificates under the Renewable Transport Fuel Obligation[5] (2023-24: £281m);
- £65m of late licensing penalties and enforcement activities (net of cost of collection) relating to the Vehicle Excise Duty collected by the DVLA (2023-24: £60m); and
- £5m of graduated fixed penalties and deposits income in DVSA (2023-24: £5m).

In addition to the values above, the DVLA collects Vehicle Excise Duty and pays it directly to the Consolidated Fund. Further details are given in the Trust Statement within the DVLA financial statements.

5 https://www.gov.uk/government/publications/renewable-transport-fuel-obligation-annual-report-2023

Parliamentary Accountability Disclosures

In addition to the Statement of Outturn against Parliamentary Supply, the following sections are subject to audit; losses and special payments, fees and charges, and remote contingent liabilities.

Use of government functional standards

Where relevant, DfT staff seek to work to the mandated government Functional standards, in a way that meets its business needs and priorities. GovS 001, Government functions sets expectations for the consistent management of all functions (and functional standards) across government. The remaining standards, GovS 002 onward, set expectations about specific types of functional work, such as project delivery or commercial. They provide a stable basis for assurance, risk management and capability improvement. They support value for money for the taxpayer, and continuity of implementation.

Losses and special payments

The following section on losses and special payments is audited information.

This section reports the total number of cases and value of losses and special payments, and details of any losses or special payments that exceed £300,000.

Losses statement

Losses may relate to cash and store losses, bookkeeping losses, losses arising from a failure to make adequate charge for the use of public property or services, fruitless payments, claims abandoned and frauds.

		2024-25		2023-24
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
Total number of cases	13,314	*63,968*	18,378	*71,229*
Total amount £'000	**70,114**	***581,233***	111,727	*2,381,811*

Dartford-Thurrock River Crossing Charging Scheme

The Department suffers losses due to motorists' failure to pay amounts due on the Dartford-Thurrock River Crossing Charging Scheme following the introduction of a free-flowing scheme from 1 December 2014 to reduce congestion. If a payment is not made in the allotted time, the scheme operator will issue a Penalty Charge Notice (PCN). If required, penalty and recovery processes are employed to enforce the charging scheme and collection of charges. After a period of time, when the scheme operator considers that it is no longer able to collect against the PCN, it then regards the charge as being irrecoverable and writes off the amount that was due.

The 2024-25 losses include £59,100,000 in relation to 2023-24 Dartford Crossing charges (2023-24: £53,300,000 in relation to 2022-23 charges). This relates to the write-off of receivables for both road user charges (RUCs) and PCNs that were not issued or became irrecoverable in year.

There are also several circumstances in which Dartford Crossing PCNs are not issued, including: vehicle keeper details not being available; poor images; mis-read number plates; system errors and illegal activity/evasion (e.g. cloned vehicles). A significant volume of these non-issued PCN's would in likelihood relate to offenders who would have been offered the chance to pay the RUC within 14 days, resulting in no fine being levied & no subsequent loss.

HS1 domestic underpinnings

HS1 Ltd is the current concession holder for the Channel Tunnel Rail Link, which carries high speed domestic and international rail services between London and the Channel Tunnel. Under the Domestic Underpinning Agreement between HS1 Ltd and the Secretary of State for Transport, HS1 Ltd receives income from DfT if the minimum number of domestic high speed rail paths is not met by rail operators in a timetable period. The domestic high speed operating timetable was below this threshold during financial year 2024-25. As required through this arrangement, the Department paid HS1 Ltd £8,914,000 (2023-24 £18,951,000) during the year. Accordingly, this amount is recorded as a constructive loss.

MCA fruitless payment

The Maritime and Coastguard Agency has enhanced its radio infrastructure network for better emergency response by laying over 700km of fibre cable to 166 remote sites and upgrading existing infrastructure. However, four planned routes couldn't be completed due to third-party failures and a missing key wayleave, resulting in £612,000 of unrecoverable expenses reported as fruitless payments. Alternative solutions for the affected sites have been successfully implemented, with no similar losses reported in 2023-24.

East West Rail – Onerous Lease write-off

The East West Rail project, aimed at connecting communities between Oxford and Cambridge, is being introduced in three stages, with the first stage connecting Oxford to Bletchley/Milton Keynes. A sublease for 12 class 196 vehicles was signed in April 2022, with initial plans for testing and commissioning by December 2023. However, due to various delays, the service commencement was pushed to August 2025, and rolling stock testing rescheduled to summer 2024. Consequently, the rolling stock lease start date was adjusted to August 2024. Despite this, East West Rail Co. remains liable for funding the vehicles from December 2023, leading to a write-off of £2,566,000.

National Highways – Cancelled Road schemes

The Spending Audit in July 2024 and the Autumn Budget in 2024 cancelled the following major road schemes:

Scheme	Loss
	£m
A27 Arundel Bypas	67
A27 Worthing & Lancing Improvements	3
A303 Amesbury to Berwick Down	224
A5036 Princess Way	17
A1 Morpeth to Ellingham Dualling	68
A358 Taunton – Southfields	67
M27 Southampton Junction 8	14
A47 Great Yarmouth Junction Enhancement	12
Total	**472**

The majority of these works were in the development phase of work with losses recorded of £472m.

National Highways – Cost write-off

The implementation of a business management system was cancelled due to resource constraints and other priorities. As a result, £0.36m of project costs were written off.

Network Rail – Margam

Network Rail Infrastructure Limited was prosecuted for a breach of section 2 of the Health and Safety at Work Act 1974 in connection to a fatal incident at Margam on 3 July 2019. On 14 February 2025, Network Rail Infrastructure Limited was sentenced and fined £3.75m.

Network Rail – Surbiton

Network Rail Infrastructure Limited was prosecuted for a breach of section 2 of the Health and Safety at Work Act 1974 in connection to a fatal incident at Surbiton on 9 February 2021. On 27 February 2025, Network Rail Infrastructure Limited was sentenced and fined £3.41m.

Special Payments

Special payments include extra-contractual, special severance, ex gratia and compensation payments. The following information is audited.

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
Total number of cases	8,555	*8,729*	8,593	*8,842*
Total amount £'000	**9,957**	***13,180***	11,966	*19,008*

Core Department – Industrial disease and injury claims

A total of £8,462,000 was paid towards settlement of 112 industrial disease and injury claims from former British Rail employees (2023-24: 138 cases totalling £10,008,000), of which three cases exceeded £300,000. Note 22 of the financial statements provides further information about these claims.

Trinity House

During 2023-24, with the assistance of its insurers, Trinity House settled a longstanding personal injury claim for a gross value of £341,000. Though this claim was fully insured, paid and reimbursed in full during the beginning of 2024-25 (2023-24 £nil), the claim meets the criteria under Managing Public Money of a special compensation payment.

Fees and charges information

The fees and charges disclosure is audited information.

The majority of the Departmental Group's income, described at Note 4, arises either under contract or resulting from railway industry regulation. The table below describes the subset of the Departmental Group's income relating to fees and charges made directly to public service users, which are within the scope of Managing Public Money, and describes both the income relating to those services, along with the full cost of providing them. It does not constitute an IFRS 8 (Operating Segment Reporting) disclosure.

	2024-25			2023-24		
	Income	**Full Cost**	**Surplus/ (Deficit)**	Income	Full Cost	Surplus/ (Deficit)
	£m	£m	£m	£m	£m	£m
Maritime and Coastguard Agency						
Fees and charges	11	14	(3)	10	12	(2)
Vehicle Certification Agency						
Product certification	22	30	(8)	22	28	(6)
Driver and Vehicle Licensing Agency						
Fees and charges	476	361	115	466	345	121
Driver and Vehicle Standards Agency						
Fees and charges	420	452	(32)	421	448	(27)
	929	**857**	**72**	919	833	86

DVLA, MCA and VCA fees and charges are set in line with a full cost recovery objective which is subject to periodic review. The figures presented for DVLA in the table above are those transactions directly identified as Fees & Charges in Note 2 of DVLA's own financial statements. Full details of how DVLA recovers its costs through fees are provided in Note 2 of DVLA's own financial statements.

Driver and Vehicle Standards Agency (DVSA) levies fees & charges in respect of driving tests and HGV testing.

Additional information regarding these fees and charges (including the financial objective and performance against this) can be found in the published financial statements for each of the Agencies.

Remote contingent liabilities

This disclosure is audited information. Contingent liabilities are presented here where the likelihood of a transfer of economic benefit in settlement is judged remote. They do not meet the IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) criteria for disclosure in the financial statements but are presented here for transparency purposes. These predominantly relate to situations guarantees or indemnities have been entered into by the Department, but where there are no significant indications that these will be drawn upon. Contingent liabilities for which the probability of crystallisation is rated as greater than remote are disclosed in Note 23 in the Financial Statements.

Quantifiable remote contingent liabilities

This table summarises quantifiable remote contingent liabilities by their nature and purpose, with the amounts disclosed reflecting the highest reasonable estimate of the possible liability.

	31 March 2025	31 March 2024
	£m	£m
Inter City Express Rolling Stock In 2012 the Secretary of State agreed to quantifiable (disclosed) and unquantifiable assurances, warranties, indemnities and potential losses under the Inter City Express Rolling Stock contracts with Agility Consortium and previously with Network Rail, covering the termination of the contract due to force majeure events and unavailability of commercial insurance. They expire in 2044.	5,900	5,900
HS1 Concession Agreement – potential compensation on termination The HS1 Concession Agreement between the Secretary of State and HS1 Ltd specifies that the Secretary of State would be liable to pay compensation if the contract were terminated due to legal changes, either in the UK or Europe ('Change in Circumstances') or a change directed by another part of the Government ('Government Change'). The amount payable is formalised in the Agreement, but depends on the cause of the termination, and includes capital expenditure, increases in operating costs and losses of revenue.	3,811	3,997
Passenger Rail Franchise Agreements – Rolling Stock The Railways Act 1993 and Transport Act 2000 permit the Secretary of State to give guarantees to promote investments in railway assets, which include undertakings within passenger rail franchise agreements and guarantees to leasing companies. The value of this liability is based on the remaining value of rolling stock and depots covered by these guarantees, which tend to decrease over time. This liability could increase if new rolling stock or depots are introduced, where these are covered by guarantees. This includes new undertakings that cover the period after an individual National Rail Contract (NRC) has expired. Due to the NRCs' terms and conditions, the Department has narrowed the range of risks to which it is exposed, compared to the predecessor arrangements, so the likelihood of payment would be lower.	1,565	1,676
Thameslink To support the Thameslink programme, in 2013 the Secretary of State agreed to quantifiable (disclosed) and unquantifiable assurances, warranties, indemnities and potential losses with the major stakeholders: Siemens, Network Rail and Cross London Trains. This reflects assurances, warranties and indemnities covering ongoing contracts between the stakeholders.	607	607
Passenger Rail Franchise Agreements – Legacy Guarantees were given by the Strategic Rail Authority (and previously by the Director of Passenger Rail Franchising), and novated to the Department, in relation to new, replacement and extended passenger rail franchise agreement.	103	115

	31 March 2025	31 March 2024
	£m	£m
Channel Tunnel Restoration The Department has a statutory liability under the Channel Tunnel Act 1987 that if, after termination of the Channel Tunnel concession, it appears to the Secretary of State that the operation of the Tunnel will not be resumed in the near future, he or she shall take the necessary steps to ensure that the land is left in a suitable condition in accordance with the scheme	100	100
Premises for the International Maritime Organization (IMO) The Department provides premises in London for the IMO, a United Nations agency. In view of the fact that government departments generally self-insure, a guarantee has been given to the IMO that should the building be partially or completely destroyed, the Department would be obliged to reconstruct the building, or suspend or reduce the rent for a period of three years and fund alternative accommodation.	136	136
Network Rail Guarantees issued by Network Rail to its affiliate entities which are not consolidated in these accounts. These obligations primarily relate to banking facilities. Further information about the entities can be found in Note 26.	153	126
Transport disaster indemnities Letters of comfort have been issued, providing an indemnity in relation to legal action taken against the judge, counsel, solicitors and secretariat to the Thames Safety Inquiry and the Victim Identification Inquiry, which reported in 2000 and 2001 respectively, following major transport disasters.	10	10
Non-executive member indemnities Indemnities have been issued to non-executive members of the departmental board, and to civil servants appointed to represent the Department on the boards of other organisations.	2	2
Other contingent liabilities, including legal claims	13	13
Total	**12,400**	12,682

Unquantifiable remote contingent liabilities

The Department has obligations under agreements entered into by the Office of Passenger Rail Franchising (also known as the Director of Passenger Rail Franchising) prior to privatisation which indemnified rolling stock companies for the costs of industrial disease claims, personal injury claims and property damage claims. On abolition of the Office of Passenger Rail Franchising in 2001, the obligation novated to the Strategic Rail Authority. On abolition of the Strategic Rail Authority in 2006, the obligation novated to the Department.

National Highways holds indemnities embedded within some procurement contracts. These indemnities are a promise by the company to compensate another for losses (such as asset damage, contamination, or loss of income) suffered as a consequence of works undertaken on the strategic road network. The most significant indemnities relate to construction that occurs near to gas and electricity infrastructure or requires infrastructure to be moved. The approximate value of these indemnities is dependent upon the outcome of uncertain events and as such they cannot be accurately estimated. There have been no claims made against National Highways since its formation (as Highways England) in 2015.

The Department is party to a NATO agreement relating to indemnification of civil aircraft in respect of their use on NATO tasks in times of crisis and war.

Marine and Aviation Insurance Act 1952, s1: Government war risk reinsurance for British ship owners insuring their vessels with the British Mutual War Risks Associations (Clubs). Under the current agreement with Clubs, the Government provides 95% reinsurance for King's Enemy Risks (KER). A contingent liability arises from the continuous KER cover for the hull and machinery value of British flag vessels entered with the Clubs.

The Department has statutory responsibility for the maintenance of all railway structures. The contingent liability for this responsibility applies to legacy structures that have been sold to, and are controlled by, external parties. There have been no claims and there is no reasonable basis under which to quantify this risk.

The Department has accepted obligations to indemnify operators under the Space Industry Act 2018 (the 2018 Act) and Space Industry Regulations for losses occurring before the satellite reaches orbit.

Annex D provides a reconciliation between contingent liabilities reported in the Supply Estimate and those reported in the Annual Report and Accounts – either as remote in the Parliamentary Accountability Disclosures above, or as greater than remote in Note 23.

Jo Shanmugalingam **21 July 2025**
Permanent Secretary and Principal Accounting Officer
Department for Transport
Great Minister House
33 Horseferry Road
London SW1P 4DR

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Department for Transport and of its Departmental Group for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2024.

The financial statements comprise: the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2025 and of their net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2025 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised *Ethical Standard 2024*. I am independent of the Department and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of authorities	
Authorising legislation	Government Resources and Accounts Act 2000
Parliamentary authorities	Supply and Appropriation (Main Estimates) Act 2024
HM Treasury and related authorities	Managing Public Money

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department or its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the mandatory audit risk in the potential for management override of controls, an area where my work has not identified any matters to report.

The key audit matters were discussed with the Group Audit and Risk Assurance Committee.

In this year's report the following changes to the risks identified have been made compared to my prior year report:

- I no longer report a key audit matter for impairment related judgements relating to the High Speed Two ('HS2') announcements made in October 2023 relating to Phase 2 cancellation as these crystallised in the previous financial year.
- I no longer report a key audit matter in relation to Train Operating Company ('TOC') subsidy expenditure. Subsidy has steadily decreased as passenger numbers have recovered post pandemic, and processes surrounding payments are now well established. This key audit matter previously considered regularity risk around inclusion of disallowable costs in calculations for subsidy payment, and these costs have also reduced over the last few years.

Valuation of the Railway Network
Description of risk The Railway Network – as described in Notes 1.4.3 and 5.1 – is valued in these financial statements at fair value using depreciated replacement cost (DRC) methodology, in line with the requirements of HM Treasury's Financial Reporting Manual and the Royal Institute of Charted Surveyors (RICS) Red Book. This provides a proxy for fair value in the absence of income or market-based sources. As at 31 March 2025, the Department valued the rail network at £490.4 billion (31 March 2024 - £471.9 billion). A DRC valuation involves determining the current cost of replacing an asset with its modern equivalent and adjusting this to reflect the asset's condition and capacity. A full revaluation is performed every five years, with the last such valuation in the 2023-24 financial year. The full revaluation exercise involved significant judgement in defining the 'modern equivalent asset' as well as the revaluation of the core costing rates used for track, stations and other networked assets. Recognising the effect of inflation on the costing rates, management has used indexation to revalue the assets in 2024-25, as is the practice in interim valuation years. The upward revaluation of the Railway Network is predominantly driven by the impact of inflation on relevant cost indices described in note 5. Management discusses the nature and extent of estimation uncertainty associated with the valuation of the Railway Network in Notes 1.4.3 and 5.1. Uncertainty arises principally in respect of the ongoing appropriateness of the engineering assumptions made in assessing the design of the modern equivalent asset, the appropriateness of the costing rates applied, and the assessment of useful economic lives. I treat this matter as a significant risk for the audit because of the inherent complexity, judgement and estimation uncertainty in these areas.

Infrastructure asset valuations (continued)	
How the scope of my audit responded to the risk	A full revaluation of costing rates for the rail network was last performed as at 31 March 2024, at which point I performed appropriate audit work supported by an auditor's expert. My team continues to rely on this work and has evaluated management's assertions on the continued appropriateness of underlying assumptions – including on the design of the modern equivalent asset and the methodology deriving useful economic lives. I have also: • evaluated the design and implementation of controls over the valuation, including management's review of the model that is used to generate the valuation; • considered the appropriateness of costing rates and the cost indexation factors applied; • carried out a full reperformance of indexation to ensure calculations are in line with the Department's accounting policy; • reviewed the quantities of assets in each asset class; • evaluated the reasonableness of the asset condition assessment for key network components based on data drawn from operational systems; and • confirmed that the inputs to the valuation model were the same as those I had audited. **Key observations** The assumptions supporting useful lives and design of the modern equivalent asset are consistent with the evidence I have obtained, and indexation has been properly applied to networked asset classes. I did not identify any unadjusted material misstatements in the course of completing this work.

Valuation of the Strategic Road Network
Description of risk The Strategic Road Network (SRN) valuation comprises an estimate of the depreciated replacement cost (DRC) of the SRN, and is valued in these financial statements at fair value using DRC methodology, in line with the requirements of HM Treasury's Financial Reporting Manual and the Royal Institute of Charted Surveyors (RICS) Red Book. The valuation comprises an estimate of the depreciated replacement cost of the SRN, to reflect its fair value in the absence of income or market-based sources. The estimate is derived from the actual costs of recent schemes, together with records about the number, type, and condition of physical assets. As at 31 March 2025, the SRN is valued at £151.6 billion – including SRN assets held in the core Department (31 March 2024: £159.7 billion). The SRN valuation contains multiple areas of judgement and estimation uncertainty. Management discusses the critical judgements and estimates relating to the SRN in Notes 1.4.3 and 5.2. As at 31 March 2025, management carried out a quinquennial review (QQR) of land and road assets (net book value of £103.8 billion at 31 March 2025). For roads, the valuation approach involved an exercise to identify modern equivalent road assets from recent construction schemes, extract cost data for each type of road constructed in those schemes, and use this to derive average cost rates for each type of road making up the SRN. For land, the approach involved obtaining expert advice on appropriate cost rates for the various areas and regions, split by urban or rural status, and applying these rates to the actual areas of land that make up the SRN. The valuation approach for structures, such as bridges, which were not subject to a QQR in the year ended 31 March 2025, involved adjusting the cost rates used in the valuation to reflect movements in relevant indices. I treat this matter as a significant risk for the audit because of the inherent complexity and estimation uncertainty. Significant audit effort is involved in addressing risk around asset volumes, costing rates, indexation and assumptions, as well in assessing management's methodology and testing the application of the valuation model.

<table>
<tr><th colspan="2">Valuation of the Strategic Road Network (continued)</th></tr>
<tr><td>How the scope of my audit responded to the risk</td><td>I have used the work of the component auditor for assurance over this key audit matter. The component auditor’s procedures were carried out under my direction and supervision.

The component auditor engaged an expert to assist in reviewing the methodology and assumptions applied by management in performing the QQR on roads and land to confirm that they were appropriate and reperformed management’s valuation model to ensure all data inputs were properly reflected in the valuation. They also engaged experts to perform a sample test of costing rates used in the QQR, tracing them to backing documentation, ensuring rates were consistently applied, and confirming that the underlying modern equivalent assets reflect current design and safety standards.

The component auditor also tested the quantities and classifications of a sample of roads, land and structures, assessed the selection of indices used by management, reviewed other movements in the SRN balance, and assessed disclosures in the accounts including those relating to estimation uncertainty. They also assessed the design and implementation of controls over the valuation model.

Key observations

In concluding my audit work on the SRN, I found management’s key assumptions were consistent with the evidence obtained. These assumptions are disclosed in notes 1.4.3 and 5.2 of the financial statements.

My audit procedures found that cost indexation and management’s assessment of condition were also consistent with the evidence obtained.

As a result of my audit the Department posted material adjustments of £19.8 billion to correct errors in calculating the costing rates used for the road valuation and further immaterial adjustments, including £1.0 billion to correct an error in the application of location factors for roads and structures.

I did not identify any unadjusted material misstatements in the valuation of the road network recognised and disclosed in the financial statements.</td></tr>
</table>

Defined Benefit Pension Schemes
Description of Risk The Departmental Group has obligations under several defined benefit pension schemes described in Note 24. These are funded schemes with significant assets under management. The pension schemes of the Train Operating Companies, which are not consolidated in the Department's accounts, are not included here but the most recent published information on their financial position, including pension deficits, is provided at Note 27. Based on risk and value, I focused my audit work principally on the Network Rail section of the Railway Pensions Scheme ('RPS'), the British Transport Police Force Superannuation Fund, the British Transport Police section of the RPS, and the core Department 1994 Section of the RPS. The total value of gross pension liabilities for all schemes recognised by the Department on the Statement of Financial Position is £614 million (31 March 2024: £719m), including those in scope of this key audit matter. There is significant complexity, and estimation uncertainty, in the valuation of both the assets and liabilities contributing to the net scheme positions, as described in Note 24 to the financial statements. At 31 March 2025, the Network Rail section of the RPS and the British Transport Police schemes were in surplus positions. Management assessed the terms of these schemes against the requirements of the relevant accounting standards, in particular the 'IFRIC 14' interpretation of 'IAS 19 – Employee Benefits'. The Group recognised assets of £1.2 billion on the Statement of Financial Position with respect to these schemes (31 March 2024: asset of £92m). **Scheme Liabilities** As with all defined benefit pension schemes, an actuarial estimate of the liability reflecting amounts to be paid out to members in the future (£624 million as at 31 March 2025 including members' share) involves significant estimation in respect of determining appropriate financial assumptions and other assumptions, including demographic assumptions. **Scheme assets** I placed particular emphasis on assurance over unquoted equity instrument valuations, particularly in respect of timing risk. The standard practice of the scheme assets managers is to value investments using the most recent evidence available, and to adjust for subsequent cash flows where necessary. This leads to a risk of unrecognised fair value differences where the valuations are for a period before the year end (typically, the end of the previous quarter). At 31 March 2025, harder-to-value investments (Level 3 instruments) represented £2.7 billion out of total group assets (excluding members' share) of £9.2 billion.

Defined Benefit Pension Schemes (continued)	
How the scope of my audit responded to the risk	I evaluated the design and implementation of controls supporting the valuation of both pension assets and liabilities, including the review controls in place to scrutinise information provided by the actuary and the administrator. **Scheme Liabilities** I contacted relevant actuaries to obtain an up to date understanding of the methodology used to calculate the main actuarial assumptions. I performed my initial assessment of the independence and expertise of these actuaries and engaged an actuarially qualified auditor's expert to examine the assumptions and methodology used to value the obligations, including both financial assumptions and the roll-forward procedures used to update membership data. I assessed financial assumptions against ranges for reasonableness. I also tested the input data used by the Scheme actuaries in the valuations, including cashflows arising from benefit payments and contributions. **Scheme Assets** My work on scheme assets held within the Core Department 1994 section and the Network Rail section of the RPS was informed by the results of an Agreed Upon Procedures arrangement carried out by another firm under my direction and supervision. I directed the firm to perform specific procedures to allow me to conclude on the identified risks of material misstatement with respect to the assets held within the schemes. The procedures included, but were not limited to: • confirming the value of scheme assets to investment reports at the administrator, and custodian reports; • substantive testing of hard-to-value investments for assurance over the valuation of those assets; • confirming the positioning of the valuation in the IFRS 13 fair value hierarchy; and • in recognition of the timing risk described above, a review of 31 March 2025 asset valuations received post year-end to judge the effect of time lags in the valuation presented for audit. I used the work of the British Transport Police component auditor to gain assurance over the scheme assets relating to the British Transport Police sections. The component auditor carried out the same procedures listed above. **Other judgements** Management have concluded that, for both the Network Rail and British Transport Police schemes, an unconditional right to a refund with respect to the pension asset was in place and as such full surpluses were recognised for these schemes. Management have also concluded that the outcome of the UK High Court ruling and subsequent appeal in the Virgin Media Limited v NTL Pension Trustees II Limited case has no impact on the Group's pension schemes. **Key observations** In the course of completing this work, I did not identify any material misstatements in the valuation of defined benefit pension balances in the financial statements.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the Department and its group's financial statements as a whole as follows:

	Departmental Group	Additional Group threshold	Department (Parent) materiality
Materiality	£6,300 million	£410 million	£340 million
Basis for determining overall account materiality	Approx. 1% of the net book value of prior year infrastructure assets (note 5).	Approx. 1% of prior year group gross expenditure excluding depreciation but including capital additions.	Approx. 1% of prior year gross expenditure.
Rationale for the benchmark applied	Infrastructure assets are the largest item in the Departmental Group Statement of Financial Position. Significant economic activity relies on the road and rail networks, and there is significant user interest in the extent and condition of those networks. I used the prior year amount for prudence, as in-year infrastructure assets balances have increased.	To reflect the sensitivity of financial statement users to transactions and balances reflecting taxpayer-backed financial activity. Capital additions are included since these reflect cash spending, and depreciation is excluded as – where relevant to Infrastructure assets – it is assessed against the Departmental Group materiality. Despite a slight decrease in the benchmark at year-end, I used the prior year amount as I deemed there not to have been a corresponding increase in risk.	Aside from intra-Departmental loan balances, expenditure is the most significant financial statements element for the parent and is a fair proxy for user sensitivity given the Department's role as a spending Department. This materiality relates to the transactions and balances reported in the Core & Agencies columns. Despite a slight decrease in the benchmark at year-end, I used the prior year amount as I deemed there not to have been a corresponding increase in risk.

For the Group, I determined that for non-infrastructure asset components of the financial statements, misstatements of a lesser amount to the overall Departmental Group materiality stated above could influence the decisions of users of the financial statements given the sensitivity of financial statement users to transactions and balances reflecting taxpayer-backed financial activity. The level of materiality to be applied to these components, is described in the table above under the heading 'Additional Group threshold'.

My overall scheme of materiality thresholds are unchanged compared to 2023-24.

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2024-25 audit (2023-24: 75%). In determining performance materiality, we have also considered the uncorrected misstatements identified in the previous period. I set performance materiality at 75% for all other materiality bases under the same criteria.

Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Group Audit and Risk Assurance Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300k, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Group Audit and Risk Assurance Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Group Audit and Risk Assurance Committee would have increased Departmental Group net assets by £284m and increased parent net assets by £74m.

Audit scope

The scope of my Group audit was determined by obtaining an understanding of the Department and its Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

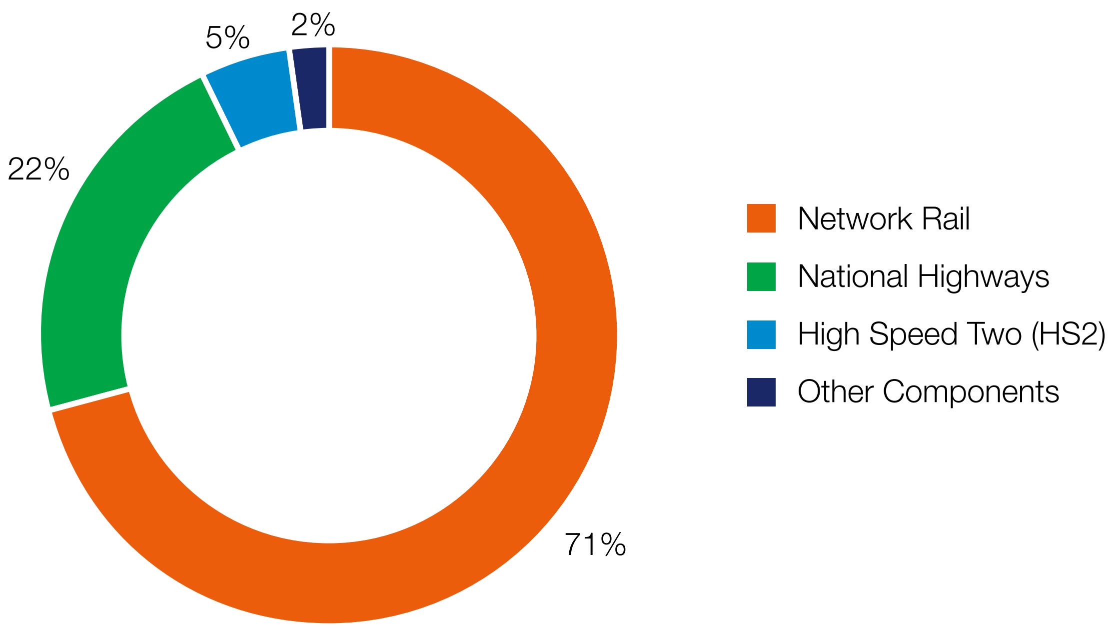
The Department for Transport Group has total assets of £695.8 billion. The group's largest components are the Network Rail Limited group (excluding Network Rail Insurance Limited which, in accordance with the Government Financial Reporting Manual (FReM) is not consolidated), National Highways Limited, and High Speed Two (HS2) Limited. These components hold the Group's key infrastructure assets. In addition, the British Transport Police Fund holds defined benefit pensions balances, which are inherently risky and are within scope of my key audit matter on defined benefit pension schemes.

In applying ISA 600 revised 'Special Considerations – *Audits of Group Financial Statements (Including the Work of Component Auditors)'* – I also deemed some transactions and balances at the Driver and Vehicle Licencing Agency, the Driver and Vehicle Standards Agency and the Maritime and Coastguard Agency in scope of review by the Group engagement team for the first time in 2024-25.

I have audited the full financial information of the Core Department, as well as the Group consolidation. As group auditor, I have gained assurance from the auditors of the components in scope of my review and engaged regularly on the group significant risks, such as valuation of the infrastructure assets and the pension schemes.

This work covered substantially all of the Group's assets and net expenditure, and together with the procedures performed at group level, gave me the evidence I needed for my opinion on the group financial statements as a whole.

Gross assets of individual components of the Department for Transport Group (as at 31st March 2025)



The Network Rail gross assets shown in the graphic above are shown after consolidation adjustments made under the Government Financial Reporting Manual (FReM), including the adjustment to recognise the Railway Network asset on a depreciated replacement cost basis.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the People and Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Department and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the People and Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Principal Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the People and Remuneration Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Department and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department and its Group's accounting policies;
- inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and its Group's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money and the relevant Supply and Appropriation Acts;
- inquired of management, the Department's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team including significant component audit teams and the relevant internal and external specialists, including actuaries, engineering specialists and land valuation specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and incentives to manipulate the accounts to avoid breach of control totals. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department and Group's framework of authority and other legal and regulatory frameworks in which the Department and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department and its Group. The key laws and regulations I considered in this context included Government

Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2024, and relevant employment and tax law.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Group Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- I reviewed the processes, verified the data used and evaluated the appropriateness of the assumptions and judgements applied for material estimates presented within the accounts, including those described in my key audit matters above;
- I confirmed that relevant approvals required under Managing Public Money have been obtained by management, and that the disclosures required by Managing Public Money are complete and have been appropriately included within the financial statements; and
- I confirmed that the Department for Transport Group has complied with the Parliamentary control totals set out in the Supply and Appropriations (Main Estimates) Act 2024 by confirming that the outturn is within the limits approved by Parliament, that the allocation of amounts to those control totals is appropriate and that management have not vired amounts inappropriately between control totals.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and relevant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 21 July 2025

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements

Group Statement of Comprehensive Net Expenditure

for the period ended 31 March 2025

This Statement summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

			2024-25		2023-24 (restated)
	Note	**Core Department & Agencies** £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
Income from sale of goods and services	4	(161)	(3,823)	(153)	(3,301)
Other operating income	4	(2,071)	(3,449)	(1,969)	(3,439)
Total Operating Income		**(2,232)**	**(7,272)**	(2,122)	(6,740)
Staff costs	3.1	884	3,646	839	3,359
Purchase of goods and services	3.2	4,198	9,420	4,144	8,958
Grants	3.3	27,263	5,570	28,361	6,455
Depreciation and impairment charges	3.4	265	10,807	339	11,436
Provision expense	3.5		47	(5)	127
Other operating expenditure	3.6	116	413	83	908
Total Operating Expenditure		**32,726**	**29,903**	33,761	31,243
Net Operating Expenditure		**30,494**	**22,631**	31,639	24,503
Share of (profit)/loss of investments measured using equity accounting	4,14		(17)	(136)	(164)
Finance income	4	(1,208)	(152)	(808)	(83)
Finance expense	3.7	279	1,661	394	2,124
Net expenditure		**29,565**	**24,123**	31,089	26,380
Other Comprehensive Net Expenditure					
Items that will not be reclassified to net operating costs:					
Net (gain)/loss on revaluation of property, plant & equipment	5	(180)	(11,352)	(41)	(61,229)
Net (gain)/loss on revaluation of intangibles	6	(4)	(36)	(3)	(6)
Share of associate's other comprehensive net (income)/ expenditure for investments measured using equity accounting	14	41	41	54	54
Actuarial (gain)/loss on pension schemes	24	(37)	(1,372)	(174)	(377)

		2024-25		2023-24 (restated)	
	Note	**Core Department & Agencies** £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
Deferred tax movement	21		425		758
Reversionary interest on M6 toll road	SoCTE	(8)	(8)	(31)	(31)
Items that will or may subsequently be reclassified to net operating costs:					
Financial assets – net change in fair values	SoCTE	(5)	(12)	10	11
Total comprehensive net expenditure		**29,372**	**11,809**	30,904	(34,440)

The Notes on pages 236 to 348 form part of these financial statements. Note 1.25 describes why the 2023-24 values have been restated and the impact of the change.

Group Statement of Financial Position

as at 31 March 2025

This statement presents the financial position of the Department. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the Department.

		2024-25		2023-24 (restated)		2022-23 (restated)	
	Note	**Core Department & Agencies £m**	**Departmental Group £m**	Core Department & Agencies £m	Departmental Group £m	Core Department & Agencies £m	Departmental Group £m
Property, plant and equipment	5, 1.4.3	10,458	684,446	10,471	667,235	10,400	599,875
Investment properties	8		195		227		231
Right of use assets	7	308	839	291	752	321	869
Intangible assets	6	192	630	187	363	283	450
Loans	11	34,172	2,331	34,343	2,494	33,312	2,616
Investment in equities	12	405	465	398	452	407	459
Derivatives	13		13		40		72
Investments measured using equity accounting	14	407	716	448	739	366	630
Trade and other receivables	16	89	52	130	55	194	60
Inventories	15	728	732	769	773	748	748
Pension Asset	24		1,238		92		
Total non-current assets		**46,759**	**691,657**	**47,037**	**673,222**	**46,031**	**606,010**
Assets held for sale	9	3	17	7	20	5	20
Inventories	15		502		436		403
Derivatives	13		9		32		22
Trade and other receivables	16	651	2,194	836	2,519	947	2,518
Cash and cash equivalents	17	617	1,385	222	610	175	455
Total current assets		**1,271**	**4,107**	**1,065**	**3,617**	**1,127**	**3,418**
Total Assets		**48,030**	**695,764**	**48,102**	**676,839**	**47,158**	**609,428**
Trade and other payables	18	(2,436)	(6,149)	(2,613)	(6,610)	(1,987)	(6,216)
Borrowings	19	(128)	(751)	(129)	(267)	(159)	(1,478)
Derivatives	13		(20)		(54)		(49)
Provisions	22	(373)	(889)	(486)	(928)	(651)	(958)
Total current liabilities		**(2,937)**	**(7,809)**	**(3,228)**	**(7,859)**	**(2,797)**	**(8,701)**
Total Assets less net current liabilities		**45,093**	**687,955**	**44,874**	**668,980**	**44,361**	**600,727**
Provisions	22	(319)	(642)	(399)	(700)	(531)	(735)

		2024-25		2023-24 (restated)		2022-23 (restated)	
	Note	**Core Department & Agencies** £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m	Core Department & Agencies £m	Departmental Group £m
Other payables	18	(872)	(1,903)	(929)	(2,060)	(986)	(2,238)
Borrowings	19	(4,404)	(33,560)	(4,372)	(33,005)	(4,295)	(31,717)
Financial guarantee contracts	20	(4,371)		(4,623)		(4,815)	
Derivatives	13		(47)		(99)		(182)
Deferred tax liabilities	21		(7,630)		(6,995)		(5,876)
Total non-current liabilities		**(9,966)**	**(43,782)**	**(10,323)**	**(42,859)**	**(10,627)**	**(40,748)**
Assets less liabilities excl pension liabilities		**35,127**	**644,173**	34,551	626,121	33,734	559,979
Pension liability	24	(462)	(614)	(474)	(719)	(617)	(883)
Assets less liabilities		**34,665**	**643,559**	**34,077**	**625,402**	**33,117**	**559,096**
Taxpayers' equity and other reserves:							
General fund		30,984	117,479	30,578	110,418	29,647	104,237
Revaluation reserve		3,297	525,511	3,120	514,427	3,081	454,291
Hedging reserve							
Financial assets at fair value through OCI reserve		384	569	379	557	389	568
Total equity and other reserves		**34,665**	**643,559**	**34,077**	**625,402**	**33,117**	**559,096**

The Notes on pages 236 to 348 form part of these financial statements. Note 1.25 describes why the 31 March 2024 values have been restated and the impact of the change.

Jo Shanmugalingam
Permanent Secretary and Principal Accounting Officer
Department for Transport
Great Minister House
33 Horseferry Road
London SW1P 4DR

21 July 2025

Group Statement of Cash Flows

for the period ended 31 March 2025

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Department's future public service delivery.

		2024-25		2023-24 (restated)	
	Note	**Core Department & Agencies** £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
Cash flows from operating activities					
Net expenditure for year		(29,565)	(24,123)	(31,089)	(26,380)
Adjustments for non-cash transacitons	3, 4	(35)	11,897	(14)	13,475
Adjustments for non-cash transactions related to pension schemes	3, 4		96		
(Increase) / decrease in inventories	15	41	(25)	(21)	(58)
less impairment of inventory		(42)	(42)		
(Increase) / decrease in trade and other receivables	16	226	328	175	4
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure			(10)		(4)
Increase / (decrease) in trade and other payables and borrowings	18, 19	(206)	337	616	399
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(303)	(1,207)	98	(22)
Use of provisions	22	(89)	(184)	(395)	(510)
Adjustment for capital and interest element of PFI payments		3	108	3	108
Net cash outflow from operating activities		**(29,970)**	**(12,825)**	(30,627)	(12,988)
Cash flows from investing activities					
Purchase of property, plant and equipment – additions	5	31	(16,572)	(196)	(17,850)
Purchase of property, plant and equipment – non-cash additions		8	8	31	31
Adjustments for movement in capital accruals relating to additions		1	1		

		2024-25		2023-24 (restated)	
	Note	**Core Department & Agencies** £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
Purchase of intangible assets – cash additions	6	(37)	(119)	(26)	(28)
Proceeds of disposal of assets and assets held for sale	9	5	28	2	173
Purchase of Other Investments		(2)	(2)	(1)	(1)
Purchase of Investment Properties	8		(1)		(5)
Proceeds on disposal of investments			3		4
Capital element of lands provision		(104)	51	104	323
Loans to other bodies	11	(23)	(23)	(1,170)	(17)
Repayments from other bodies	11	194	186	139	139
Net cash inflow / (outflow) from investing activities		**73**	**(16,440)**	(1,117)	(17,231)
Cash flows from financing activities					
From the Consolidated Fund (Supply) – current year		30,536	30,536	32,068	32,068
Repayments of principal on external borrowings		(2)	(2)	(39)	(1,188)
Repayments of principal on leases		(69)	(216)	(75)	(238)
Capital element of payments in respect of on-balance sheet PFI contracts		(3)	(108)	(3)	(108)
Net financing		**30,462**	**30,210**	31,951	30,534
Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**565**	**945**	207	315
Payments of amounts due to the Consolidated Fund		(170)	(170)	(160)	(160)
Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**395**	**775**	47	155
Cash and cash equivalents at the beginning of the period		**222**	**610**	175	455
Cash and cash equivalents at the end of the period		**617**	**1,385**	222	610

The Notes on pages 236 to 348 form part of these financial statements. Note 1.25 describes why the values for 2023-24 have been restated and the impact of the change.

Group Statement of Changes in Taxpayers' Equity

as at 31 March 2025

	Note	General Fund £m	Revaluation Reserve £m	Financial assets at fair value through OCI reserve £m	Total Reserves £m
Balance at 31 March 2023 (restated)		104,237	454,291	568	559,096
Net gain / (loss) on revaluation of property, plant and equipment	5		61,229		61,229
Net gain / (loss) on revaluation of intangible assets	6		6		6
Net gain / (loss) on revaluation of investments	12			(11)	(11)
Non-cash charges – auditor's remuneration	3.2	1			1
Transfers between reserves		378	(378)		
Net expenditure for the year		(26,380)			(26,380)
Reversionary interest on M6 toll road		31			31
Deferred tax movements	21	(37)	(721)		(758)
Actuarial gain / (loss) recognised in pension scheme	24	377			377
Share of other comprehensive net income / (expenditure) for investments measured using equity accounting	14	(54)			(54)
Other movements		2			2
Balance as adjusted by income and expense for 2023-24		**78,555**	**514,427**	**557**	**593,539**
Net Parliamentary Funding – drawn down		32,068			32,068
Net Parliamentary Funding – deemed		175			175
Supply (payable) / receivable adjustment		(222)			(222)
CFERs payable to the Consolidated Fund		(158)			(158)
Balance at 31 March 2024 (restated)		110,418	514,427	557	625,402
Balance at 1 April 2024 (restated)		110,418	514,427	557	625,402
Net gain / (loss) on revaluation of property, plant and equipment	5		11,352		11,352
Net gain / (loss) on revaluation of intangible assets	6		36		36
Net gain / (loss) on revaluation of investments	12			12	12
Non-cash charges – auditor's remuneration	3.2	1			1
Transfers between reserves		165	(165)		
Net expenditure for the year		(24,123)			(24,123)
Reversionary interest on M6 toll road		8			8
Deferred tax movements	21	(286)	(139)		(425)
Actuarial gain / (loss) recognised in pension scheme	24	1,372			1,372
Share of other comprehensive net income / (expenditure) for investments measured using equity accounting	14	(41)			(41)
Other movements		6			6

	Note	General Fund £m	Revaluation Reserve £m	Financial assets at fair value through OCI reserve £m	Total Reserves £m
Balance as adjusted by income and expense for 2024-25		**87,520**	**525,511**	**569**	**613,600**
Net Parliamentary Funding – drawn down		30,536			30,536
Net Parliamentary Funding – deemed		222			222
Supply (payable) / receivable adjustment		(617)			(617)
CFERs payable to the Consolidated Fund		(182)			(182)
Balance at 31 March 2025		**117,479**	**525,511**	**569**	**643,559**

The Notes on pages 236 to 348 form part of these financial statements. Note 1.25 describes why the values from 1 April 2023 to 31 March 2024 have been restated and the impact of the change.

Statement of Changes in Taxpayers' Equity

Core Department and Agencies
as at 31 March 2025

	Note	General Fund £m	Revaluation Reserve £m	Financial Assets at fair value through OCI reserve £m	Total Reserves £m
Balance at 31 March 2023		29,647	3,081	389	33,117
Net gain / (loss) on revaluation of property, plant and equipment	5		41		41
Net gain / (loss) on revaluation of intangible assets	6		3		3
Net gain / (loss) on revaluation of investments	12			(10)	(10)
Non-cash charges – auditor's remuneration	3.2	1			1
Transfers between reserves		5	(5)		
Net expenditure for the year		(31,089)			(31,089)
Reversionary interest on M6 toll road		31			31
Actuarial gain / (loss) recognised in pension scheme	24	174			174
Share of other comprehensive net income / (expenditure) for investments measured using equity accounting	14	(54)			(54)
Other movements					
Balance as adjusted by income and expense for 2023-24		**(1,285)**	**3,120**	**379**	**2,214**
Net Parliamentary Funding – drawn down		32,068			32,068
Net Parliamentary Funding – deemed		175			175
Supply payable / (receivable) adjustment		(222)			(222)
CFERs payable to the Consolidated Fund		(158)			(158)
Other payable to the Consolidated Fund					
Balance at 31 March 2024		**30,578**	**3,120**	**379**	**34,077**
Balance at 1 April 2024		30,578	3,120	379	34,077
Net gain / (loss) on revaluation of property, plant and equipment	5		180		180
Net gain / (loss) on revaluation of intangible assets	6		4		4
Net gain / (loss) on revaluation of investments	12			5	5
Non-cash charges – auditor's remuneration	3.2	1			1
Transfers between reserves		7	(7)		
Net expenditure for the period		(29,565)			(29,565)
Reversionary interest on M6 toll road		8			8
Actuarial gain / (loss) recognised in pension scheme	24	37			37
Share of other comprehensive net income / (expenditure) for investments measured using equity accounting	14	(41)			(41)
Other movements					
Balance as adjusted by income and expense for 2024-25		**1,025**	**3,297**	**384**	**4,706**

	Note	General Fund £m	Revaluation Reserve £m	Financial Assets at fair value through OCI reserve £m	Total Reserves £m
Net Parliamentary Funding – drawn down		30,536			30,536
Net Parliamentary Funding – deemed		222			222
Supply payable / (receivable) adjustment		(617)			(617)
CFERs payable to the Consolidated Fund		(182)			(182)
Other payable to the Consolidated Fund					
Balance at 31 March 2025		**30,984**	**3,297**	**384**	**34,665**

The General Fund serves as the chief operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The Revaluation Reserve reflects the unrealised element of the cumulative balance of the revaluation adjustments to property, plant and equipment and intangible assets.

The Financial Assets through Other Comprehensive Income (OCI) Reserve records the cumulative gains and losses on financial assets held at fair value through OCI respectively.

There are no Charitable Fund reserves in the Group.

The Notes on pages 236 to 348 form part of these financial statements.

Notes to the financial statements

Notes to the financial statements provide additional information required by statute and accounting standards to explain a particular feature of the financial statements. The Notes which follow will also provide explanations and additional disclosure to assist readers' understanding and interpretation of the financial statements and expand upon the accounting policies in Note 1.

1. Statement of significant accounting policies

This Note describes the accounting policies determining the recognition and valuation of material assets, liabilities, income and expenditure. Critical judgements, accounting estimates and sources of estimation uncertainty are disclosed within each accounting policy note.

As the Statement of Financial Position and Note 5 indicate, the Departmental Group's most material assets are the Strategic Road Network and the Railway Network. The related depreciation and maintenance costs, disclosed in Note 3, are also material. These assets are specialised and complex, so their valuation requires significant use of judgement and estimation. Estimation uncertainties may therefore cause material adjustments in future periods to the assets' values and the amount of depreciation recognised. These issues are discussed further in Note 1.4 and in Note 5.

The only other item that is subject to material estimation uncertainty is defined benefit pension balances (and the related actuarial movements). These uncertainties are discussed in Note 1.18, sensitivity analysis is included in Note 24.

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2024-25 Government Financial Reporting Manual (FReM) issued by HM Treasury, to give a true and fair view on that basis. The FReM adapts and interprets UK-adopted International Financial Reporting Standards (IFRS) to produce accounting policies suitable for the public sector.

Where the FReM permits a choice of accounting policies, the Department has selected those judged most appropriate to give a true and fair view of the Group's circumstances. They have been applied consistently to items considered material.

To augment the primary statements prepared under IFRS, the FReM requires a Statement of Outturn against Parliamentary Supply and supporting Notes. They show the outturn against Estimates for the net resource requirement and the net cash requirement, and are presented in the Parliamentary Accountability section in this document.

The presentation and functional currency is pounds sterling.

1.2 Accounting convention

These financial statements are prepared on a going concern basis under the historical cost convention modified by the revaluation of certain non-current assets and financial instruments categories.

Valuation bases

The revaluation of property, plant and equipment and intangible assets produces comparable and current values for assets and their components that have been accumulated over many decades or, sometimes, centuries, whose costs would be materially affected by inflation. It incentivises good asset management and enables the reader to assess the leadership team's performance against this objective.

Under IFRS 13, assets and liabilities are fair-valued using whichever of the following maximises the use of relevant observable inputs:

- a market-based approach,
- an income approach, or
- a cost approach,

The consequences are:

Assets held for their service potential are valued on an existing use basis. For specialised assets, most significantly the Strategic Road Network and the Railway Network, as discussed in Note 1.4.3, this requires the use of depreciated replacement cost ("DRC"). This replacement cost approach reflects the value of publicly owned assets to the taxpayer, addressing the issue that specialised assets are rarely sold on an arm's length basis or acquired and held to generate income. This is consistent with the FReM and is applied by all government departments for inclusion in the Whole of Government Accounts.

Certain balances and transactions are underpinned by surveyors' valuations of land and buildings, including the Group's significant land and buildings (Note 5), and part of its investment in London and Continental Railways Ltd (LCR Ltd) (Notes 12.2 and 26.1), and pension assets (Note 24).

The Group appraises the valuation inputs and outcomes to categorise the valuation within the three-level fair value hierarchy, depending on the lowest-level significant input.

- A level 1 input is a quoted price in an active market for an identical asset or liability (for example, the price of a bond that is actively traded).
- A level 2 input is not a quoted price, but is still observable, directly or indirectly (for example, bond yield curves).
- A level 3 input is unobservable (for example, internally-generated forecast cash flows, or technical specifications).

Note 30 discloses valuations by their category in this hierarchy.

Going concern basis

Repayment of the Department's liabilities is met from Supply funding voted by Parliament and income, which are approved annually by the passing of the Supply and Appropriation (Main Estimates) Act. Parliament approved the Act for 2025-26 in May 2025. The Department considers there is no reason to believe that future approvals will not be forthcoming to meet its liabilities as they fall due. Hence, the going concern basis is considered appropriate.

1.3 Basis of consolidation

In accordance with the FReM, these financial statements comprise a consolidation of the core Department, its agencies and those other entities falling within the Departmental boundary defined by Statutory Instrument 2024 No. 295 (as amended by Statutory Instrument 2024 No.1323) made under the Government Resources and Accounts Act 2000. The Departmental boundary typically covers bodies classified by the Office for National Statistics ("ONS") to the central government sector, because the Department controls them and because they are not market bodies. Note 25 lists the entities within the boundary. Where the notes present two columns for a financial year, the first contains amounts for the core Department and Agencies and the second contains amounts for the Departmental Group (the Group). Within this Note, the terms “the Department” and “the Group” are used to refer to balances, transactions and policies applicable to the core Department and its Agencies and to the Group respectively.

Note 25 also lists entities that are sponsored by the Department but not consolidated, including public corporations. Public corporations are bodies that the ONS considers are controlled by the Department but are market bodies. They are not designated for consolidation. The disclosures required by IFRS 12 for entities that are controlled but not consolidated are given in Notes 26 and 27. The Department has equity investments in some of these bodies, which are accounted for using the policies described in Note 1.12.

Business combinations are reflected by either:

- absorption accounting for transfers of functions (and entities) with local government, public corporations and within a departmental group. This includes the ‘de-trunking’ of other public roads from the Strategic Road Network.
- merger accounting for transfers of functions between departmental groups.

The values of assets and liabilities are not adjusted to fair value, and no goodwill is recognised. Transfers by absorption are deemed to take place at a point in time and are reflected from that point; transfers by merger are reflected fully retrospectively. Further information is given in Note 1.25.

On consolidation, accounting policies are harmonised across the Group and material intra-group transactions are eliminated.

1.4 Property, plant and equipment and intangible assets

Property, plant and equipment is described and analysed in Note 5. Intangible assets are described and analysed in Note 6. The accounting policies for intangible assets are set out in Note 1.4.5; the remainder of Note 1.4 covers property, plant and equipment.

1.4.1 Recognition

Assets are recognised initially at cost, comprising the purchase price or construction cost and any costs directly attributable to bringing them to the location and condition necessary for them to be capable of operating in the manner intended by the Group.

For infrastructure projects, costs are expensed until the project becomes reasonably certain to proceed; thereafter, capitalisation commences. Further information is given in Notes 1.4.2 and 5.3, Assets Under Construction.

Land and property required to construct infrastructure assets is acquired through several legal processes and is recognised as an asset when the Group has an obligation to purchase it. The timing depends on the process used and context of the relevant scheme, as described in Note 1.19.2.

Where the construction process requires access to adjacent land, the cost is capitalised. Access is typically obtained through Temporary Possession, which entitles the landowner to compensation for any losses suffered.

Land and properties on the infrastructure's route are included in the asset under construction. Those outside this boundary and those acquired for HS2 Phase 2b under discretionary purchase schemes or Statutory Blight, are classified as inventory.

1.4.2 Classification

The Group categorises property, plant and equipment into Infrastructure Assets, Assets Under Construction, Land and Buildings, and Other Assets. Brief descriptions are given below, with fuller disclosures in Note 5.

Infrastructure assets (including renewal and enhancement works in progress)

This category comprises the Railway Network, the Strategic Road Network and the HS1 concession. They are networked assets, which are integrated networks serving a significant geographical area. They display some or all of the following characteristics:

- Of specialised nature, with no alternative use;
- Immovable; and
- Potentially subject to constraints on disposal.

Given these assets' integrated nature, renewal and enhancement works in progress on the Strategic Road Network and the Railway Network are recorded against the relevant networked asset from the works' commencement.

The Strategic Road Network (SRN) encompasses England's motorways and all-purpose trunk roads. It comprises: carriageways, including earthworks; tunnelling and road pavements; roadside communications; bridges and other structures, and land within the highway's perimeter. It also includes the reversionary interest in the M6 Toll. Other roads are typically controlled by local authorities.

The Railway Network encompasses the infrastructure supporting the operation of Great Britain's national rail system. It comprises: track; earthworks; signalling; power; plant; telecommunications; bridges; fencing; coastal defences; stations and operational property; tunnels; and land. It includes only those assets controlled by Network Rail. Other rail systems, including the Core Valley Lines; London Underground and other regional systems; and heritage lines are recorded in the financial statements of the organisations that control them.

Further information about capitalisation and valuation policies can be found in Notes 1.4.1, 1.4.3 and 5.1 – 5.3.

Assets under construction

This category represents discrete items or projects, outside the networked infrastructures. The most significant element is the HS2 asset under construction.

Land and buildings

This includes properties outside the networks' perimeters, including surplus properties, and the General Lighthouse Authorities' lighthouses .

Other assets

This includes Plant and machinery; Fixtures and fittings; and IT hardware.

1.4.3 Valuation

The valuation approach used for specific assets depends on their function and materiality. Certain balances and transactions are underpinned by experts' valuations.

Infrastructure assets – Networked assets (including renewals and enhancements)

The Group's main networked assets (the Strategic Road Network and the Railway Network, but not HS1) are valued at DRC, which aims to reflect the cost, in today's money, of constructing a new network capable of delivering the same service capacity as the existing asset. This involves three significant sets of judgements:

1. the type of asset that would be constructed;
2. the cost of constructing that asset; and
3. the existing asset's service capacity.

The DRC is calculated by determining a gross replacement cost for the network (reflecting the first two sets of judgements) which is then adjusted (or "depreciated") to reflect the network's condition and capacity (reflecting the third set of judgements), as described below. The gross replacement cost is determined according to RICS guidelines. These guidelines require certain assumptions, including: a modern equivalent asset, which the Group considers to be a network identical in function, scale and connectivity, but constructed using modern specifications and methods; and instantaneous build on a greenfield site. The adjustment to DRC reflects management's best estimate of the network's condition and capacity. A full valuation (either of the entire infrastructure or significant elements) is commissioned every five years at least; in interim years, this is updated by applying input indices (selected specifically for each network and described in the relevant section) to a standard price list of network components.

Renewals and enhancements are recognised initially at cost. However, to value the relevant network at DRC, the difference between the cost and DRC of works in progress is reflected in the valuation at each year-end. This typically produces a downwards revaluation, due to DRC costing assumptions and the inherent challenge of adding value to a complex, integrated live asset, because it is more expensive to upgrade infrastructure whilst maintaining normal service levels than to close routes temporarily or build afresh on a greenfield site. The reduction is recognised in Other Comprehensive Net Expenditure to the extent that a revaluation surplus is available and presented as "Adjustment of renewal and enhancement works in progress to DRC" in Note 5.

The DRC valuation method reflects the cost of a modern equivalent asset, offering a commensurate service potential to the actual railway network. The modern equivalent asset is specified to present-day design, materials and construction standards. For the transport infrastructure networks, some component asset lives extend beyond the transition date from which the UK has committed to meeting decarbonization targets, such as net zero by 2050. The impact and cost of climate change and decarbonization commitments on future asset design, materials and construction requirements have not been quantified due to the multiple inherent uncertainties in determining this at this time. The replacement cost at the year end may not, therefore, be fully indicative of the actual replacement cost which may be experienced at the end of these components' useful lives. Climate change may also affect future useful lives.

DRC valuations require a number of accounting assumptions and are therefore subject to a high degree of inherent estimation uncertainty. The specific drivers of estimation uncertainty for each infrastructure asset are described later in this Note. Notes 5.1 and 5.2 disclose possible ranges of alternative valuations which would arise through using alternative valuation assumptions for the railway and road networks. Alternative assumptions may produce a variation of +/- £36.1bn for the railway network and +/- £14.6bn for the road network, demonstrating that the total estimation uncertainty may be approximately £50bn.

The Railway Network (including renewal and enhancement works in progress)

Differences in accounting framework relating to the Railway Network

Network Rail's own financial statements hold the Railway Network at fair value using an income approach, which differs significantly from the DRC of the Railway Network included here. The differing treatments are considered reasonable because the nature of Network Rail's interest in the Railway Network varies from that of the Group, for the following reasons.

Network Rail has elected to measure the Railway Network on a revaluation basis, so must determine the Network's fair value in accordance with IFRS 13, under un-adapted IFRS, in accordance with the Companies Act. Network Rail uses an income approach because it performs a regulated activity. . From rail privatisation until the start of the current 5-year Control Period on 1 April 2024, the Office of Rail and Road ("ORR"), Network Rail's regulator, calculated the income levels for the rail infrastructure operator (previously Railtrack, now Network Rail) by reference to the Regulatory Asset Base ("RAB"). This is a valuation of the infrastructure, which is derived from the initial market capitalisation of Railtrack plus subsequent qualifying capital expenditure. RAB-based income setting is widely used in regulated industries; it was applied to Network Rail while it was classified as a private-sector operator and thereafter up to 1 April 2019. Network Rail's income determination is no longer RAB-based, reflecting its current public sector status; however, ORR advised that a RAB-based framework would be applied to any future private-sector operator. A RAB-based income approach is considered most appropriate because it reflects the position of a theoretical private sector entity holding a railway network licence and is therefore the exit value. It represents the discounted future cash flows that the rail network would be expected to generate, including an assessment of under- and outperformance against the current 5-year regulatory determination. There is insufficient observable data for a market approach, and a replacement cost approach would produce a higher valuation. The higher DRC valuation includes the cost of significant elements funded before the RAB was introduced and not wholly reflected in Railtrack's initial market capitalisation, such as earthworks, long-life structures, and operational land. Together, they comprise much of the DRC and are essential to the railway network's operation. This cost approach therefore measures the significant economic benefits of the entire network to Great Britain, which exceed the monetary returns accruing under the railway network licence.

Defining the modern equivalent asset for the Railway Network

A modern equivalent asset – a network identical in function, scale and connectivity to the actual network – is deemed to contain the same quantity of track and termini as the actual network. It is also assumed to use standardised assets, systems and technologies wherever possible. Alternatives are assumed only where qualified engineers advise that standardisation is impossible. These standardised assets, systems and technologies constitute repeatable components, or “building blocks”, which are aggregated to form the network. Finally, the modern equivalent network reflects technological advances only where they represent value for money. This is reflected by defining categories for different technologies, then allocating the modern equivalent network’s components into those categories.

Costing the modern equivalent asset for the Railway Network

A full DRC valuation was performed during 2023-24. Costings are taken from various sources, involving estimation. The sources include: final costs of recent projects; contractors’ Framework Rates; Project Cost plans; first-principle estimation techniques; and actual costs from other UK contracts. Indirect construction costs come from benchmarking studies; ORR has reviewed and endorsed the principles and ranges. Costs have been benchmarked against actual costs of recent projects where possible; however, this is less feasible for components that are routinely maintained rather than fully replaced.

Estimates are adjusted to reflect a risk allowance consistent with project maturity and contingencies for costs that vary between projects. The risk allowance assumes a high initial understanding of the project scope. In some cases, a modern equivalent component costs no more than the actual component.

Accounting estimates in the valuation of the Railway Network

The accounting estimates described below are discussed more fully in Note 5.1.

Land compensation

The land valuation includes an assessment of land purchase compensation costs, reflecting the higher cost of actual land acquisitions, compared with the cost of a theoretical greenfield site. As Network Rail rarely purchases large parcels of land, this estimate of 65% is added based on valuation assumptions derived from the latest QQR valuation completed by CBRE Ltd.

Greenfield assumption

Where comparative costs for constructions on greenfield sites are not available, the Group uses a comparative cost for construction in a live operational environment, which is more expensive, and reduces it to a greenfield cost by an estimate of 32%. The basis for selecting this estimate is given in Note 5.1.

Cost risk factor

After allowing for known construction costs, unknown and localised costs remain. These are captured using a risk factor of 20%. This assumption is subject to a sensitivity analysis based on the range of potential adjustments. The basis for selecting this risk factor is given in Note 5.1, scenario 4.

Sensitivity to estimation uncertainty in the valuation of the Railway Network

These accounting estimates are subject to multiple inherent uncertainties. The following boundaries indicate a range of reasonably possible outcomes:

Accounting estimate	Boundary (+/-)	Comment
Land compensation adjustment (normally -65%)	10%	Maximum and minimum compensation adjustments of -75% and -55%
Greenfield assumption adjustment (normally -32%)	10%	Maximum and minimum adjustments of -42% and -22%
Cost risk factor, currently +20%	10%	Maximum and minimum risk factors of +30% and +10%

These boundaries are used in the Sensitivity Analysis in Note 5.1, which gives the potential impact in monetary terms of the given level of uncertainty.

The Strategic Road Network (including renewal and enhancement works in progress)

Defining the modern equivalent asset for the Strategic Road Network

The most significant matter of judgement concerns the use of "smart" technologies. Adjustment of the gross replacement cost of a modern equivalent road network that includes some use of "smart" technologies, to DRC is done by categorisation: the road pavement's composition is a standardised design; a "smart" motorway is categorised as a standard pavement, supplemented by traffic management systems, which are categorised as separate components.

Costing the modern equivalent asset for the Strategic Road Network

The Group considers that the best costing approach is to use rates derived from actual construction costs of schemes completed recently. At each full revaluation, costing rates for specific asset types are derived, for example, bridges classified by width and length, according to their function. Where there is no up-to-date costing information, the Group determines costs based on pricing data from recent schemes. Using this data requires judgements on its relevance and contemporaneity, considering the type of scheme, its location, and the amount of time subsequently elapsed.

Full and interim valuations of the Strategic Road Network

The most recent quinquennial review, covering pavements and lands was completed in 2024-25; the next quinquennial review, covering special structures is due in March 2026. This will be followed by structures in March 2028 and roadside technology in March 2029.

Quinquennial review (QQR)[6] judgments are made with appropriate engineering consultancy advice.

Between revaluations, values are adjusted using indices. Several construction-related indices are applied to the costing rates for various elements of the SRN, both in full revaluation exercises to update actual scheme information to current cost and in interim valuations to revalue overall SRN components. The Group chooses the indices which, in its view, are most relevant to the components' replacement costs and to the extrapolation of data to produce an estimated standard cost valuation. These include regional land and building indices calculated by National Highways' engineering consultants, using the Savills Farmland Value Survey Index and the Land Registry Office House Price Survey urban land indices, and the

6 Quinquennial review – a review conducted every 5 years. (QQR)

Implied Output Price Index (IOPI, an industry-specific index of actual inflation which is updated monthly as part of the output in the ONS' construction industry datasets ; it is widely used across National Highways' contracts.) A quinquennial review (QQR)[7] revaluation of technology was undertaken in 2023-24 with costing rates updated to reflect the prices charged on schemes completed in recent years.

Sensitivity to estimation uncertainty in the valuation of the Strategic Road Network

These accounting estimates are subject to material estimation uncertainty. The following boundaries indicate the range of reasonably possible outcomes and are used in the sensitivity analysis in Note 5.2 to indicate the potential impact of the given level of uncertainty:

Accounting estimate	Boundary (+/-)	Comment
Costing rates	10%	Sensitivity to the estimation approach of determining costs from recent pricing data is limited since recent actual costs are usually available for the most commonly-used asset types, which represent a large proportion of the asset value.
Cost index	10 basis points	The valuation is sensitive to other indices, but IOPI is the most significant because it is used for roads and structures.

These boundaries are used in the Sensitivity Analysis in Note 5.2, which gives the potential impact in monetary terms of the given level of uncertainty.

Infrastructure assets – HS1

The HS1 rail link infrastructure was originally constructed by HS1 Ltd (then a subsidiary of London and Continental Railways Ltd) under a 99-year Private Finance Initiative concession. The Secretary of State acquired London and Continental Railways Ltd in June 2009 to restructure the business and renegotiate the concession. HS1 Ltd, as the concession holder, was sold to infrastructure investors in November 2010. It is classified to the private sector by ONS.

Under the renegotiated concession, ending in 2040, HS1 Ltd operates and maintains the infrastructure, generating track access charges from domestic and international train operating companies with no further public subsidy. HS1 Ltd currently contracts the maintenance of the HS1 asset to Network Rail (High Speed) Ltd, a subsidiary in the Network Rail group. At the end of the concession, the infrastructure reverts to the Group, with the expectation that a further concession will then be granted.

The infrastructure is held to maximise returns to the Group, so is valued on an income basis. The initial gross book value was the sum of:

- £1,686m for the current concession period, based on the impaired value-in-use of the asset, reported in London and Continental Railways Ltd's financial statements as at 31 December 2009. This value reflects the net present value of future cash flows up to 2040. A corresponding liability was recognised in deferred income. This follows the policy described in Note 1.7.
- £1,860m for the infrastructure's estimated remaining life (to 2086): reflecting the estimated present value of proceeds from subsequent concessions, based on the price paid by Borealis and the Ontario Teachers' Pension Plan for HS1 Ltd and the concession, which remains the best estimate of the income the Group will receive in 2040 and beyond.

7 Quinquennial review – a review conducted every 5 years. (QQR)

The Group impaired the asset in 2022-23. This was largely driven by observations that domestic demand in particular remained below pre-COVID levels. The Group revisited its calculations in subsequent years and determined that no further adjustment was required. More information about the calculation method used is given in note 1.7. The asset's carrying value will be reviewed annually for any further impairments or reversals of impairment.

The asset is depreciated on a straight-line basis over its remaining useful economic life, judged to be the length of the original concession ending in 2086.

Assets under construction (other than carried as part of a network asset)

Assets under construction are typically held at cost until completion. Where a construction project requires enabling legislation, capitalisation of an asset under construction commences when the Second Reading for the enabling legislation.

HS2

HS2 Phase 1 is held at cost less impairment for abortive costs, until its future operating model becomes sufficiently clear to adopt an alternative basis. Some components of these costs represent best estimates pending the conclusion of commercial negotiations. The classification of the related liabilities is discussed in Note 1.19 and Note 1.19.2. The approach for testing these assets for impairment is described in Note 1.7. All costs for Phases 2a and 2b have been expensed, following the impairment recognised in 2023-24.

Other assets, including land and buildings

Non-networked assets are held either at fair value or DRC, through regular formal valuation or the application of indices and estimated asset lives. Surplus assets, including those originally required for HS2 Phase 2a, are measured at existing use value if there are restrictions on their sale, or at fair value otherwise. The approach used for specific assets depends on their function and value.

If the carrying value has increased, the gain is recognised in Other Comprehensive Net Expenditure and accumulated in equity in the Revaluation Reserve. If the carrying value has decreased, the causes of the decrease are analysed to determine whether it arises from a clear consumption of economic benefits, which includes cases of physical damage, or a policy decision to use the asset for a less specialised purpose. The latter is the central government equivalent of a reduction in the asset's value-in-use. Decreases caused by a clear consumption of economic benefits, or which reduce the asset's value below its historic cost, are treated as impairments recognised in Net Operating Expenditure. Other decreases are recognised in Other Comprehensive Net Expenditure to the extent that the asset has a relevant balance available within the Revaluation Reserve.

1.4.4 Depreciation

Freehold land is not depreciated. Assets or definable components with determinable useful economic lives are depreciated on a straight-line basis. Note 5 provides further information on the weighted-average asset lives used to depreciate components of the major networked assets. Other assets comprises multiple asset classes from across the Group. The material classes are depreciated over the following useful lives:

Lives of buildings can be from 25-100 years (for some freehold structures),
Plant and machinery – 3-25 years
Office equipment – 3-10 years
IT assets – 3 years.

Where material, lives are reviewed annually for condition assessment.

The calculation of depreciation for the networked assets is described below.

The Railway Network: Determining the remaining lives and condition of asset components

Given the complexity of the Network's structures, the estimated remaining useful economic lives in the table below are typically weighted averages, based on management judgements of the remaining lives for detailed categorisations of the underlying components.

Type	Remaining Life (Years)
Earthworks	95
Structures	62
Electrification, plant & signals	34
Operational property	26
Track	22
Telecoms	7
Land	–

This is a critical judgement based on the available data, including that used for Network Rail's whole-life costing assessments. However, careful evaluation is sometimes required, especially for components that are rarely replaced, such as structures and earthworks. Some are capable of very long lives; however, for this valuation, lives are capped at 100 years due to inherent uncertainty beyond that period.

Sensitivity to estimation uncertainty

The condition of asset components is assessed using several methods, including physical inspection and data from electronic sensors. However, for some component types, the available data is limited, requiring the use of judgement and estimation. This causes a degree of estimation uncertainty. The following boundaries are used in the Sensitivity Analysis in Note 5.1 to indicate the potential impact of the given level of uncertainty:

Accounting estimate	Boundary (+/-)	Comment
Asset lives of the components of the modern equivalent railway network	10%	Assets lives are provided in Note 5.1

The Strategic Road Network: Determining the remaining lives and conditions of significant asset components

The road pavement comprises a surface layer ('black top') and supporting sub-layers. Experience shows that if the surface layer remains in good condition, the sub-layers do not deteriorate. Where the sub-layers do not deteriorate, the condition stays constant, and the remaining life is maintained. Therefore, the surface layer only is referred to as a renewable or depreciable element.

Structures also include renewable elements, which are depreciable, and non-renewable elements. The latter predominantly comprise ground and earthworks, including expenditure on preliminary works.

The Strategic Road Network: Calculating the depreciation charge

The Group considers that the depreciation method which best reflects the expected consumption pattern of the SRN's future economic benefits is to expense an amount equal to the value of renewals performed during the year, adjusted to reflect changes in the asset's condition. This is applied to elements other than technology.

The depreciable element of the road pavement is calculated as 21% (2023-24: 17.5%) of the total value, based on the proportion of cost related to the elements regularly renewed, including the surface layer; drainage; road marking and studs; and rigid concrete roads. The remainder relates to elements (including sub-layers) that have useful lives long enough, subject to regular renewal of the surface layer, that the depreciation charge and accumulated depreciation would be immaterial. The adjustment to the in-year depreciation charge to reflect changes in the asset's condition is based on measurements of the deterioration of the road's wearable element, reflecting four factors: rutting, texture, fretting, and longitudinal profile metrics obtained from Traffic Speed Road Assessment Condition Surveys (TRACS), which is performed by WDM Ltd and assured by TRL Ltd.

The road's actual condition is compared to its carrying value (after adjusting for renewals) and any movement is taken to depreciation as a charge or credit depending on whether the condition has deteriorated or improved.

For structures, the adjustment of the depreciation charge for condition changes is calculated using a depreciation factor, derived from the Element Condition Score (ECS) obtained from structure inspections. The ECS for each element is applied to a deterioration curve and averaged using a calculated replacement cost for that element. This results in a weighted average proportion of service life consumed which is applied to the asset's depreciable element.

Technology assets are depreciated over a useful economic life, which is determined using assumptions about the period during which they will provide service potential. As shown in Note 5.2, estimates are made of their useful economic lives, based on historic trends and expert knowledge.

1.4.5 Intangible assets

Intangibles are assets without physical substance, comprising software and development costs.

Purchased software is classified either as operating (capitalised with the related hardware) or application software. The latter is capitalised if its life exceeds twelve months and the cost exceeds the capitalisation threshold. Licences are capitalised as intangibles rather than right-of-use assets. A pooled basis is used where the Group benefits from employees working together, using the same application and version.

Internally-developed intangibles are capitalised when, reflecting Group investment appraisal processes and other project governance controls, the project meets the following criteria:

- it is probable that it will deliver future economic benefits,
- the Group has the intention to complete and use or sell the asset,
- sufficient funding has been granted to complete and use or sell the asset,
- the Group has the ability to use or sell the asset,
- the project is technologically feasible, and
- the related expenditures can be reliably measured.

Costs incurred before these criteria are met, and costs of research activities are expensed when incurred; however, some research costs score against capital budgets.

Once complete, assets are amortised over their useful lives. They are subsequently measured at fair value, typically through indexation.

1.5 Leases

1.5.1 Scope and classification

Government bodies typically lease properties used for administrative purposes, to maximise efficiency and flexibility. The Group also benefits from leases of land which it could not have purchased, under arrangements with peppercorn or no consideration. Other types of asset may be leased if this represents value for money, which typically depends on whether the underlying asset is required for its entire life or a shorter period, and on the markets for specific asset types: a significant example is airframes, where there is an active leasing market.

The Group classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits from that asset and to direct its use. Areas of particular focus include construction contracts using specialist equipment. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration. The Group also applies the standard to accommodation-sharing arrangements with other government departments.

The Group excludes contracts:

- for low-value items, costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- with a term shorter than twelve months (comprising the non-cancellable period plus any extension options that the Group is reasonably certain to exercise and any termination options that the Group is reasonably certain not to exercise).

1.5.2 Initial recognition

At the lease commencement date (or the IFRS 16 transition date, if later), the Group recognises a right-of-use asset and a lease liability.

The lease liability is measured at the payments for the remaining lease term (as defined above), excluding value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the Group's incremental cost of borrowing. The liability includes payments that are fixed, or in-substance fixed, and excludes, for example, changes arising from future rent reviews or movements in an index. For most Group members, the incremental cost of borrowing is advised by HM Treasury for that calendar year:

Calendar year	Rate
2020	1.27%
2021	0.91%
2022	0.95%
2023	3.51%
2024	4.72%
2025	4.81%

Network Rail, however, undertakes external borrowing independently of the Exchequer and its incremental cost of borrowing is calculated to reflect this.

Lease liabilities are presented within Note 19.

Right-of-use assets are measured at the value of the liability, adjusted for: any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

1.5.3 Subsequent measurement

The asset is subsequently measured using the fair value model. The Group considers the cost model to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by re-discounting the revised cash flows; the impact is reflected in the liability and either in the asset valuation or expenditure as follows:

Scenario	Discount rate	Asset or expenditure
Reassessment		
The Group becomes or ceases to be reasonably certain to exercise an extension or termination option, due to a significant event or change in circumstances	Revised	Asset*
The non-cancellable period changes	Revised	Asset*
The amount payable under a residual value guarantee changes	Original	Asset*
There is a movement in an index or rate that will alter the cash flows (except for floating-rate arrangements)	Original	Asset* (with an adjustment to any revaluation surplus where a change in the liability has already been reflected in the asset value)
There is a change in the variable lease payments, that was not included in the measurement of the lease payments during the period in which the triggering event occurred	Original	Expenditure
Modification		
Other leased assets are included, priced on a standalone basis	New	Asset (presented as the creation of new right-of-use assets and lease liabilities, discounted by a new rate)
The scope is decreased	Revised	Asset and Expenditure (the asset is remeasured proportionately to the reduction in scope; any difference between the change in the value of the asset and liability is recognised as a gain or loss)
The lease term is increased	Revised	Asset*
The consideration is changed	Revised	Asset*

* Where the amount of a reduction to the asset exceeds its carrying value, the excess amount is expensed.

1.5.4 Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than twelve months are expensed.

1.5.5 The Group as lessor

The Group assesses whether the leases are finance or operating leases. For finance leases, it derecognises the asset and recognises a receivable. Interest is accrued throughout the financial year and recognised in income. For operating leases, rental income is recognised on a systematic basis, usually straight-line, over the lease term.

1.5.6 Estimates and judgements

The Group determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components.

Some contracts cover both a lease of land which the lessee controls and access rights through adjacent land which the lessee does not control. In more remote locations, where stand-alone prices are not readily observable, the Group treats the entire contract as a lease as a practical expedient.

The Group's "peppercorn" leases include historic, long-term leases as well as more recent arrangements. To ensure the assets are correctly valued, the Group has distinguished between nominal consideration and consideration that is low, but proportionate to the asset's value (for example, the lease of a small area of land with few alternative uses). This distinction reflects, so far as possible, recent, observable market arrangements for comparable assets (for example, current rentals); otherwise, based on the Group's own arrangements.

Existing use values are calculated to reflect the term of the arrangement: for example, the value of assets under long-term leases will reflect purchase price, while the value of assets under shorter-term leases will reflect the present value of market rentals for comparable assets, where data is available.

1.6 Service concessions

The Group has contracts under which private-sector suppliers develop, finance, operate and maintain infrastructure used to deliver services to the public, directly or indirectly. The accounting treatment is determined by the extent of the Group's control over the infrastructure, and the basis on which the supplier recovers its investment.

If the Group controls or regulates the service (including the price) and controls any significant residual interest in the infrastructure, the Group recognises the infrastructure as an asset, with a matching liability, in accordance with IFRIC 12. The asset is classified as property, plant and equipment. The liability is presented on one of the following bases:

- Where the supplier has a right to receive consideration from the Group (usually as unitary charges) the Group recognises a financial liability for the element relating to the cost of the asset. Interest on the liability and expenditure on services provided under the concession are recognised in Net Operating Expenditure as they accrue. Payments are apportioned between three elements: payments for services; payments of interest on the liability; and repayments of the initial liability.
- Where the supplier has a right to charge the public, (for example, the HS1 concession) the Group recognises a deferred income balance, which is amortised to Net Operating Expenditure over the concession term.

Where contract payments are linked to an index, the liability will be adjusted in a manner consistent with the treatment of an index-linked lease, as described in Note 1.5.3.

The Group neither controls nor regulates the M6 Toll Motorway, so the concession is outside the scope of IFRIC 12. However, the Group controls a significant residual interest in it, because it reverts to the Group at the concession's end for no consideration. The infrastructure was not recognised as an asset from the concession's inception; instead, its expected fair value is recognised incrementally through Other Comprehensive Net Expenditure over the concession term, as an increase in the value of the Strategic Road Network in Note 5. This ensures the proper allocation of the contractual payments between the cost of services and acquisition of the residual interest.

1.6.1 Estimating the allocation of cash payments

The contractual payments must be apportioned between capital, interest and (for most service concessions) services provided by the supplier. If the contract or other information provided by the supplier does not delineate the apportionment, by specifying the interest rate and the values of the asset and services, the apportionment is estimated, making full use of the information that the supplier provides, supplemented with inputs including determinations of the fair values of the asset and any services, using the Treasury investment appraisal discount rate.

1.7 Impairment of non-current assets

The Group tests all non-current assets for impairment annually, including assets under construction. Their carrying value is compared with their recoverable amount. For specialised assets held to deliver a service to the public, this is deemed to be the cost of replacing the service capacity currently used. For other assets, it is the higher of the value in use and the fair value, less selling costs. Where appropriate, losses are charged to the relevant revaluation reserve to the extent permitted for that asset type; any subsequent reversal of the impairment would be credited either against operating expenditure or to the relevant revaluation reserve.

For major assets that are not held to deliver a service to the public, the following methods are used in assessing the recoverable amount:

- The HS2 asset under construction, which is valued at cost. The Group evaluates possible impairment indicators to determine whether they evidence actual impairment. Recognising that design work on major projects is by nature iterative, review for impairment indicators is restricted to significant changes in the planned location, nature or capability of major asset components. In assessing for impairment related to scope changes, the Group considers the policy decisions that have been made, and the optionality that has been retained. When the Group identifies an indication that there is loss of service potential, or abortive costs, the asset is impaired by the amount of the associated costs.
- The HS1 infrastructure. For this asset, the Group tests the net carrying value, deducting the deferred income balance, as this net balance reflects the benefits recoverable over the period of the asset's life following the end of the current concession. The following estimates and judgements have been made in the calculation of value-in-use:
- Forecast cash flows assume that the charging structure applicable under the current concession remains in place. Under this charging structure, some components are regulated by ORR, and some are linked to the retail price index. Forecasts reflect both internal and external information about future demand and service frequencies.

Forecast inflation rates are based on swap prices over different terms up to fifty years. The fifty-year rate is assumed to apply for the remainder of the asset life.

- The discount rate is calculated to reflect the risk-free time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing future cash flows. The Group has selected the nominal Green Book social time preference rate ("STPR") to reflect the risk-free time value of money because the Group can influence the frequency of domestic services, and thus the cash flows received by the concessionaire, basing its decisions on the policy benefits delivered by those services. The STPR is used to determine the value for money of central government interventions; it is typically higher than gilt yields and reflects taxpayers' preferences for public services now rather than later. It is then adjusted by adding a risk premium based on the margin between gilt yields and the interest rate on debt and equity instruments issued by entities in the same sector. This addresses the relatively inactive market for such instruments.

1.8 Inventories

The most significant inventory type is land and properties, comprising: assets acquired – typically under discretionary schemes – for the construction of infrastructure but are not reflected in the asset under construction, because:

- They are not required for construction (as they fall outside the route boundary) and will be sold post-completion; or
- Construction cannot proceed, pending further progress of legislation. The Group considers that land and properties should not be classified as an asset under construction until the enabling legislation has successfully completed its Second Reading, when the legislation is substantively enacted. Until then, the Group classifies them as inventory because, if the legislation did not receive Royal Assent, they would be sold; or
- Construction will not proceed: for example, properties acquired due to HS2 Phase 2b Statutory Blight, where the site has been safeguarded, to prevent conflicting developments. As this phase has been cancelled, and safeguarding will be lifted, the properties will be sold.

In practice, the majority of land and properties classified as inventories relate to HS2.

After initial recognition at cost, land and property inventories are valued by the Valuation Office Agency.

The most significant assumptions by value underpinning the valuation of inventories are as follows:

- For land and properties outside the route boundary, the net realisable value assumes that at the point of sale, they will be close to transport infrastructure; and
- For land and properties that may fall within the route boundary but are recognised as inventory pending further progress of the legislation, the net realisable value assumes that they will be sold in their current form and condition, so is usually no lower than cost.

For other inventories, the cost is determined using the weighted average cost method.

Inventories are reclassified from non-current to current when the Department expects to sell or consume the asset within the next twelve months, on a basis consistent with the reclassification of property, plant and equipment as assets held for sale, described in Note 1.9.

On disposal, the gross sale proceeds are recognised in income, and the carrying amounts of the inventories are recognised in expenditure.

1.8.1 Use of estimation in the measurement of land inventories

Land inventories comprise individual properties held over a dispersed area. Their net realisable value is determined by a desk-top review supplemented by a full revaluation of a rolling 20% sample. The valuations of properties acquired along the route of HS2 Phases 2a and 2b reflects the cancellation of these phases.

1.9 Investment properties and assets held for sale

Properties are classified as investment properties where they are held for capital appreciation, to earn rentals, or both. They are held at fair value, with changes recognised in Net Operating Expenditure.

Non-current assets are reclassified as held for sale when they are available for immediate sale in their present condition and are being actively marketed. They are held at the lower of their carrying amount at the point of reclassification or fair value less material selling costs, and are not depreciated. Where a property acquired for the construction of transport infrastructure has become surplus, the former owner may be entitled to repurchase it under the Crichel Down rules. The Group considers that the property will not meet the criteria for reclassification until that right has lapsed. For tenanted properties, judgement is required to determine whether they are available for sale. This will reflect the terms of the transaction – for example, whether the properties are being marketed with sitting tenants – and normal practice in the sector.

They are derecognised on disposal, when the purchaser obtains control of them.

1.9.1 Valuation

The fair values of the Group's investment properties at 31 March 2025 are determined from a valuation performed as at that date by Jones Lang LaSalle.

The valuation, conforming to International Valuation Standards, was performed by splitting the portfolio between one-off properties, which are valued individually (20 properties, representing 51% of the total value; 2024: 21 properties, representing 46% of the total value) and the remainder, which are valued under the Beacon method, which stratifies them by type and location, then applies appropriate yields to the rental incomes specified by existing leases (assumed to reflect market rents).

1.10 Investments measured using equity accounting

The FReM adapts the IAS 28 and IFRS 11 requirements for the use of equity accounting as follows: investments in entities classified to the private sector and the rest of the world sector are measured using equity accounting where the Group has significant influence, joint control or control over the investee. Managing Public Money imposes restrictions on the establishment of publicly- owned entities outside the UK.

The investment is recognised initially at cost, then adjusted for the Group's share of the profits or losses and other comprehensive income, which are reflected in the Statement of Comprehensive Net Expenditure, and any distributions. Investments' carrying values are reviewed annually for impairment. Where the investee is loss-making, the Group recognises its share of the losses until the investment's carrying value is reduced to nil, but does not recognise any further loss or liability unless it has a legal or constructive obligation to honour the investee's liabilities. If the investee subsequently becomes profitable, the Group recognises its share of profits only after they cover the unrecognised losses.

1.11 Loans, and current and non-current receivables

Loans (Note 11) and receivables (Note 16) are recognised when the Group becomes party to the contractual provisions, initially at fair value (usually the contractual value), plus transaction costs.

They are subsequently held at amortised cost where the cash flows are solely payments of principal and interest on the outstanding principal, because the Group's business model is to hold them to collect the cash flows. The amortised cost is calculated by discounting the contractual cash flows by the effective interest rate. This is the rate that, at origination, discounts contractual cash flows back to the initial fair value. Issue costs are typically amortised on a straight-line basis, which is materially consistent with amortised cost measurement.

Balances are derecognised when the rights to the cash flows expire; on the transfer of control and of exposure to the risk and rewards of ownership of the assets; or when they have been written off because there is no reasonable expectation of recovery. A significant modification to the contractual terms and conditions may necessitate the derecognition of one asset and, potentially, the recognition of another.

Impairment is reflected on the following bases:

- Credit loss allowances are not recognised for balances with other Group members, where the core Department ultimately controls the entity and would prevent losses from arising in practice, by enforcing repayment. Group members with loan balances due to the Department have adequate revenues to prevent a default.
- Credit loss allowances for trade receivables and similar arrangements are measured at the lifetime expected credit loss, in accordance with the IFRS 9 simplified approach for receivables of this nature.
- Credit loss allowances for loans to external borrowers are initially assessed as the 12-month expected credit loss, because the loans are not originated as credit-impaired. Thereafter, credit risk is reassessed, reflecting reasonable and supportable information, including forward-looking information. Where the loan has experienced a significant increase in credit risk or become credit-impaired, the credit loss allowance is assessed as the lifetime expected credit loss.

Material credit loss allowances are recognised. Data inputs to credit loss allowance calculations include the counter-party's credit rating or scoring (where available) and historic default patterns for comparable entities. The analysis will also reflect actual or expected significant adverse changes in a counter-party's financial performance or operating environment, or the macro-economic factors that influence them.

1.12 Investments in equities

In accordance with the FReM, the Group's equity investments in non-consolidated public sector investees and investments that do not convey significant influence or joint control over entities classified to other sectors, are financial instruments. Investees include DFTO (including its subsidiaries SE Trains Ltd, LNER Ltd, TransPennine Trains Ltd and Northern Trains Ltd), LCR Ltd, Network Rail Consulting Limited, and deadlocked joint ventures.

They are recognised initially at the transaction price, which is regarded as indicating the fair value at that point, plus any transaction costs.

Thereafter, they are held at fair value, as the cash flows are not solely payments of principal and interest. For all equity investments, the Group has made an irrevocable election to recognise changes in fair value through other comprehensive income, because they are held for strategic purposes in delivering the Group's policy objectives rather than the generation of investment gains. Therefore, the valuation changes do not reflect the Group's performance during the year. Fair values are classified using the hierarchy described in Note 1.2. On disposal, any cumulative balance is transferred directly to the General Fund and not reclassified through the Statement of Comprehensive Net Expenditure. This is further described in Note 12.3.

To value instruments for which there is no active market, the Group uses estimation techniques which reflect, so far as practicable, those that market participants would use, maximising the use of observable inputs. The investees operate in many sectors; therefore, various techniques are used, which are described more fully in Note 12, accompanied by sensitivity disclosures. The use of accounting estimates gives rise to estimation uncertainty. While a change in assumptions could affect the value recognised, the impact is considered immaterial.

The Group derecognises these assets when its rights to receive cash flows expire or have been transferred, provided that substantially all the risks and rewards of ownership and control of asset have also been transferred.

1.13 Derivatives and other financial instruments held at fair value through profit or loss (net operating expenditure)

The Group's financial instruments held at fair value through profit or loss comprise:

- those required to be held on this basis because they are classified as held for trading (predominantly derivatives not designated and effective as hedging instruments), or
- those designated to be held on this basis to prevent an accounting mismatch (for example, bond liabilities that share a risk with derivatives held, that gives rise to changes in fair value that tend to offset each other).

They are initially recognised at fair value. The transaction amount is deemed to be the best evidence of fair value at initial recognition. Any transaction costs are expensed.

They are remeasured to fair value at the end of each reporting period. The change is recognised in Net Operating Expenditure. Where they are not actively traded, valuations are constructed from predicted cash flows, reflecting forecast interest rates, exchange rates or inflation rates. This entails some sensitivity to estimation uncertainty. Note 29.3 includes a sensitivity analysis of the impact of changes in foreign exchange rates, interest rates and inflation rates of ±1 percentage point, which is considered to be reasonably possible.

They are derecognised when all rights to cash flows expire (for assets); or when all obligations are settled (for liabilities); or when control or the risks and rewards of ownership are transferred.

Most of the Group's derivatives are held by Network Rail which purchased them before it was reclassified to the central government sector. Network Rail was then funded through external borrowings, which exposed it to interest rate risk and foreign exchange risk. Network Rail managed those risks by purchasing derivatives. After Network Rail's reclassification, external borrowings were largely replaced by loans from the Department. Network Rail can apply hedge accounting to the loans from the Department in its own financial statements, but the Group cannot do so, because the hedged balances are eliminated on consolidation.

Other derivatives are held by HS2 Ltd, which commenced a foreign exchange forward contracts purchasing programme in 2020-21, to manage foreign exchange risk along its supply chain, judging that it could manage the risk at lowest cost. and the programme was not designed to qualify for hedge accounting.

1.14 Borrowings

The Group has long-term borrowings in the forms of bonds and notes, issued mainly by Network Rail Infrastructure Finance plc within the Network Rail group, but also by LCR Finance plc and CTRL Section 1 Finance plc. All have ceased new external borrowing. Prior to Network Rail's reclassification to the central government sector, so before it was part of the Group, it issued bonds under the Debt Issuance Programme. Two are held at fair value to prevent an accounting mismatch; their accounting treatment is described in Note 1.13.

They were recognised initially at fair value, usually the transaction amount, plus transaction costs. Those not held at fair value are measured at amortised cost. Issue costs may be amortised on a straight-line basis, where this is materially approximate to the effective interest method. Accretion on the outstanding principal is disclosed in Note 3.7 as non-cash interest; other components of interest are disclosed as cash interest.

Borrowings are derecognised when all obligations are satisfied.

1.15 Financial guarantee contracts

Financial guarantee contracts require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due according to the terms of a debt instrument. The Department considers and accounts for them as financial instruments rather than insurance contracts. Recognised initially at fair value, they are subsequently measured at the higher of the initial amount less, when appropriate, cumulative income recognised in accordance with the principles of IFRS 15, or the credit loss allowance.

The Department's only material financial guarantee contract is the Financial Indemnity Mechanism (FIM), a non-cancellable arrangement covering both fixed-rate and index-linked debt instruments issued under Network Rail's Debt Issuance Programme, maturing in October 2052. As the FIM covers debt issued by a Group member, the Department considers the value of the credit loss allowance to be nil. The carrying amount is therefore measured at the initial fair value less cumulative income.

The Department provides a service of credit enhancement to Network Rail, allowing it to obtain a lower cost of borrowing, and to its lenders, which is performed over time. The service is priced at the credit spread between the yields on the guaranteed debt instruments and those on comparable non-guaranteed instruments; at the time of initial recognition, the Department charged a fee, which was set on this basis to reflect standard commercial terms. The initial fair value was calculated as the present value of that credit spread over the instruments' remaining terms, discounted by the rate prescribed by HM Treasury for financial instruments. The remaining balance at the end of the year reflects the performance obligation to be satisfied in future periods. It is calculated as the latest forecast of outstanding debt over the remaining term of the Debt Issuance Programme, multiplied by the credit spread. This produces a fixed income stream for fixed-rate debt instruments and an income stream that moves in line with inflation for index-linked debt instruments. The forecast income is then discounted by a nominal rate to reflect the materiality of the time value of money.

The amount of income recognised in each period is measured to reflect progress towards satisfaction of the performance obligation, which is to support the debt outstanding during each year, and is therefore calculated as the average debt balance multiplied by the credit spread. The impact of financing is presented separately as an interest cost. The amount charged or released during the year is explained in Note 3.7.

The liability and related transactions are derecognised at Group level, because the Group's exposure does not exceed the outstanding balance of NR's external borrowings, disclosed in Note 19.

1.15.1 Estimates and judgements

The credit spread reflects ORR's assessment at the point when Network Rail ceased new external borrowing; in July 2014. The discount rate is updated for any changes in the rate prescribed by HM Treasury. The carrying value of the liability is also influenced by differences between actual and forecast borrowings, particularly for index-linked debt. Inflation is forecast at 3.6% per annum for the next twelve months and 3% per annum thereafter as at 31 March 2025 (4% for the next twelve months and 3% thereafter as at 31 March 2024); differences between forecast and actual inflation movements in any year are recognised in income and expenditure for that year.

1.16 Trade and Other payables

These are financial liabilities other than financial guarantee contracts and those held at fair value through profit or loss (Net Operating Expenditure), mostly comprising trade payables and accruals.

They are recognised initially at fair value, typically the transaction price, when the Group becomes party to contractual provisions. Thereafter, where the time value of money is material, they are held at amortised cost, and derecognised on settlement.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise: bank balances held; commercial paper; and money market deposits at varying rates. Their carrying amount approximates to their fair value.

1.18 Pensions and other employee benefits

1.18.1 Defined benefit plans provided by the Principal Civil Service Pension Scheme

Past and present employees of the core Department and its agencies are generally members of the Principal Civil Service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme. It is treated as a defined contribution arrangement because there is insufficient information to identify the Group's share of the scheme liabilities and costs The core Department and its agencies expense the contributions payable as incurred. The PCSPS pays pension benefits and accounts for the liability.

Ministerial pension benefits are provided by the Parliamentary Contributory Pension Fund.

The People and Remuneration Report in the Accountability section provides further details for both schemes.

1.18.2 Other defined benefit plans

Past and present employees of Network Rail and British Transport Police, and pre-privatisation employees of British Rail may be members of one of eight defined benefit arrangements, as shown in Note 24. The core Department is treated as the employer for schemes covering historic British Rail employees. These are funded schemes that are legally separate from the Group. Members' pensions are paid from these funds. Some are "shared cost" arrangements, where contributions are typically shared between the employer and the members on a basis specified in the scheme rules.

Full actuarial funding valuations are performed for each scheme triennially using the projected unit method reflecting assumptions that the employer and the actuary agree to be appropriate. Separate valuations are prepared for the financial statements as at the reporting date in accordance with IAS 19: assets are measured at fair value, using current market bid values; liabilities are measured using the projected unit method reflecting neutral assumptions. The projected unit method estimates the ultimate cost of the pension benefits earned in the current and prior years. This requires: determining how much pension benefit is attributable to the current and prior years; estimating (making actuarial assumptions) demographic variables (such as mortality) and financial variables (including changes in earnings and inflation) that will affect the cost of pension benefits. The obligations are discounted using the current yield on a high-quality corporate bond of equivalent term and currency to the obligations. The assumptions that materially affect this valuation are:

- inflation (for pensions linked to RPI or CPI);
- discount rates (selected to match the liabilities' weighted average duration and therefore influenced by mortality assumptions);
- mortality assumptions (which affect the total amount and timing of payments); and
- earnings assumptions (reflecting linkages to final or average salaries).

The scheme actuaries advise the reasonable bounds for uncertainty; those for the most significant schemes are presented in Note 24, with a sensitivity analysis. The assumptions vary between the schemes, reflecting differences between the benefits offered (some are linked to CPI; others to RPI) and between the ages and life-expectancies of scheme members.

The difference between the values of the scheme assets and liabilities represents either a surplus or a deficit. A surplus is recognised as an asset to the extent that it is recoverable, and a deficit is recognised in full as a liability. For "shared cost" arrangements, the Group's liability may be calculated as the part of the deficit equivalent to the employer's share of the contributions, subject to the scheme rules. The extent to which a surplus is recognised is a matter of judgement; it reflects an assessment of the scheme rules including the legal rights of the scheme employer to veto consumption of funding surpluses. Where the scheme rules relating to the treatment of a surplus are considered unclear, the Group has taken a prudent view regarding recoverability.

Changes in the surplus or deficit are categorised between:

(a) service cost (including current service cost, past service cost (resulting either from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan) and any gain or loss on settlement (a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is documented in the terms of the plan and included in the actuarial assumptions);

(b) net interest expense or income, which is the change during the period in the net defined benefit liability that arises from the passage of time, and

(c) re-measurement.

The Group presents the first two components in Net Expenditure. Past service costs are recognised in the period of a plan amendment. Net interest is calculated by applying the discount rate that was in effect at the beginning of the period to the net surplus or deficit.

Re-measurements, comprising actuarial gains and losses and the return on plan assets (excluding interest), are reflected immediately in the balance sheet with a charge or credit recognised in Other Comprehensive Net Expenditure, which is not reclassified to Net Operating Expenditure.

1.18.3 Early retirement

If employees retire early, other than on approved medical grounds, the Group is required to pay (as termination benefits) the cost of benefits, beyond the normal PCSPS pensions. The Group provides for them (including pensions payable up to the normal retirement age and lump sums) in full when it becomes demonstrably committed to covering them.

1.18.4 Defined contribution plans

Some employees are members of defined contribution plans, including the Network Rail Defined Contribution Scheme and (from October 2023) the British Transport Police Group

Personal Pension Police Staff Pension Scheme. These are post-employment benefit plans under which the employer pays fixed contributions into a separate entity and has no further legal or constructive obligation. Contributions are recognised as an employee benefit expense in Net Operating Expenditure in the periods when services are rendered by employees.

1.19 Provisions and contingent liabilities

The Group recognises provisions where, at the reporting date, it considers it more likely than not that it has a legal or constructive obligation to transfer resources, arising from a past event and where a reliable estimate of the amount can be made. If a reliable estimate cannot be made, the obligation is disclosed as a contingent liability.

Descriptions of the significant provision balances, including compensation for industrial diseases and purchases of land and property for the HS2 project, are given in Note 22, with their specific recognition points. Estimates and assumptions made in quantification are discussed below. Land and properties purchased for the HS2 project are owned by the Secretary of State; consequently, this provision is disclosed under the Core and Agencies classification. HS2 Ltd is a non-departmental public body, so liabilities arising from its activities are disclosed under the Group classification.

The Group discloses potential future obligations arising from past obligating events as contingent liabilities, where their existence remains uncertain pending the outcome of future events outside of its control. The Group's material classes of contingent liabilities include contractual mechanisms transferring risk to the Department. They are typically used to maximise value for money in managing the risk of non-performance for rail improvement projects involving multiple stakeholders, who rely on the others fulfilling their obligations, to avoid stakeholders reflecting the risk in their prices.

Contingent liabilities whose likelihood is greater than remote are disclosed in Note 23 as required by IAS 37. Remote contingent liabilities are disclosed in the Accountability Report so that Parliament remains aware of all arrangements that may require funding. They include guarantees, indemnities and letters of comfort reported to Parliament as required by Managing Public Money.

1.19.1 Classification of contractual mechanisms transferring risk

The Group accepts financial risk through some of its contracts. Where the risk relates to the price of future services, this is reflected when those services are received, unless the contract is onerous. However, mechanisms that compensate the contractor for losses caused by third-party actions have the substance of guarantees or indemnities, and are classified as contingent liabilities.

1.19.2 Obligations to purchase land and property: recognition, measurement and classification

Full provisions for compulsory purchase of land and property are recognised at different points, based on an analysis of the relevant scheme and process.

- For many schemes, especially road constructions, enabling powers for specific acquisition areas are provided by the Secretary of State confirming a Compulsory

Purchase Order (CPO) or granting a Development Consent Order (DCO). The Group treats that CPO/DCO as creating a constructive obligation on issue for these schemes, because the identified land's owners will then have a valid expectation that their land will be purchased, given the extent of available precedent. These schemes form part of a significant portfolio with a high evidence base that a General Vesting Declaration or Notice to Treat and Notice of Entry will be made, leading to the acquisition of the land. This principle is applied to all of the National Highways schemes.

- For schemes of unusual scale or complexity or which are relatively stand-alone, this precedent-based approach is inappropriate. The recognition point occurs when the Group is legally unable to withdraw from the obligation, generally assessed as being at the point a General Vesting Declaration is executed. This is the principle applied for HS2 land and property acquisitions.

Before an obligation arises for compulsory purchase, the Group may be required to compensate some categories of owners for statutory planning blight. This occurs when their property's value is, in specific legal circumstances, substantially reduced by a detailed proposal to perform works, leaving the owner unable to sell the property at a scheme-unaffected price. Blight obligations are recognised (subject to existence and measurement uncertainty) from the event which legally gives rise to eligible claims, such as the safeguarding or announcement of a preferred route, but specifically when the Secretary of State confirms that the property owner is eligible for compensation. Blight obligations remain enforceable against the Group until safeguarding is lifted.

The amount typically represents surveyors' estimates of the land and property values at the point of deemed acquisition. However, provisions for specific agreements are measured at the minimum value to which the Group is exposed if the scheme was cancelled. Uncertainties affecting the actual cost of settling the obligation arise from inherent valuation factors (such as the appraisal of a property's development potential). Property owners may submit their own surveyors' estimates, and ultimately proceed to the Lands Tribunal.

Different estimation approaches are used for active and inactive cases. Active cases are those where a claim is live or HS2 Ltd has commenced valuation in anticipation of a claim. The remainder are inactive.

For active cases, detailed outturn forecasts are created, and for inactive cases, the Property Cost Estimates ("PCEs") are used, adjusted to reflect market conditions. Claims for both types of case could ultimately settle for an amount other than the provision balance. The Group manages this risk at a portfolio level, undertaking a quantified cost risk assessment (QCRA) at each baseline. This QCRA allowance (10% of the PCE, including irrecoverable VAT, according to the latest approved baseline) forms part of the HS2 funding envelope and values the contingency required for Phase 1 property acquisitions. While the provision is valued at the Group's best estimate of the consequences of its obligations at the reporting date, including the outcome of detailed valuations for active cases, this QCRA value indicates the extent of estimation uncertainty affecting both existing and planned Phase 1 obligations.

Obligations are reclassified as accruals when the timing and amount of the payment become materially, rather than absolutely, certain. Consequently, part of the consideration for a specific property may be reclassified, leaving the remainder as a provision. The Group judges that the amount becomes materially certain when its valuation reaches a high degree of cost maturity, which occurs when the Group approves an advance payment request or makes a time-limited offer.

The Group also has obligations to the owners of land under temporary possession. The amount payable includes compensation for losses and the costs of restoring the land to an agreed condition.

Sensitivity to estimation uncertainty of HS2 land and property provisions

Valuing land and property provisions connected with Compulsory Purchase powers, which represents the majority of the HS2 provision included in Note 22, requires significant use of estimation.

Under Compulsory Purchase, owners are entitled to receive market value for their interest; for the small number of specialised properties with no market value, compensation is assessed on a re-instatement basis. Other statutory entitlements may arise, including: compensation for business loss or damage; relocation costs; professional fees; and statutory loss. These are estimated using agreed assumptions which provide a consistent approach across high volumes of cases, enabling risk to be measured and contingencies carried until knowledge of individual cases improves. These assumptions are based on specific legislative requirements; for example, that the market value assessment excludes the effect of the scheme for which the compulsory purchase is made.

Uncertainties in the estimation of the quantum and timing of compensation claims include: the extent to which the Group will bear irrecoverable VAT because of elections made by the previous owner; the timing and extent of construction requirements; the acquisition method; the underlying land use; and any proposals for development. Inherent uncertainty is also higher where a CPO has been issued, but no claim has been received, or the claim provides insufficient supporting detail; in either situation, the Group must rely on its own valuation and risk assessment, absent a robust counterparty position.

The Group assesses risk and bases provisions on its view of a most likely settlement value, informed by professional valuations.

For active cases, this reflects detailed valuation work performed after a CPO on the relevant case, following the principles above. Key assumptions, including VAT treatment and development value, reflect the valuers' advice on a case-by-case basis.

For inactive cases, the Group relies on desktop valuations prepared to inform the PCE. PCE valuations are produced for the entire expected population of acquisitions for Phase 1, and are regularly updated. The valuations assume that a property's market value reflects its existing use, unless the development value is known to be appropriate. HS2 Ltd staff review the PCE line-by-line to contribute to development-value assessments and to ensure that appropriate adjustments are made. The PCE is prepared on an interest-by-interest basis, enabling values to be used to measure provisions for interests on which a notice has been served, but where a claim or detailed valuation is currently unavailable.

Certain valuation assumptions for inactive cases are set at a portfolio level, including the proportion of counterparties who will opt to tax. Based on the rate of election for VAT observed in the 2020-21 actuals for commercial cases, the Group estimates that 14.5% of the inactive cases by value will opt to tax (2023-24: 14.5%). Additionally, because the PCE for inactive cases is based on Q32019 prices, the Group uplifts them to reflect market movements, by applying a blended rate of indexation to reflect the mix of property prices and locations.

For temporary possession claims, quantifying compensation for losses requires estimation of the revenues and expenditure that the landowner would otherwise have experienced. The cost of restoration depends on the scope of the works, which is negotiated with landowners, but ultimately determined by the Secretary of State.

1.19.3 Legal claims: classification

Legal claims are classified as contingent liabilities or provisions, valued, and presented as current or non-current provisions based on legal and other professional advice.

1.19.4 Measurement of industrial diseases provision

Obligations to compensate former British Rail employees for industrial diseases contracted during that employment are valued using a model developed by independent actuaries, based on the average cost of previous settlements over recent years and assumptions about the diseases' incidence and impact across different industries over time. Actuarial forecasts reflect a bell curve of claims arising over time; given the ages of those at risk and the differing latency periods of specific diseases, the incidence of claims should peak over different timescales. Therefore, judgement is required in assessing how many years of past claims should be reflected in the average, to avoid an over- or under-estimate. Cash flows are discounted using the rates provided by HM Treasury for general provisions.

1.20 Grants payable

Grants payable are recognised when the event or activity that gives entitlement occurs. Where the recipient must demonstrate compliance with performance conditions, any subsequent adjustments are recognised in the period when these conditions are fulfilled. The recognition point for grant payments in the SOCNE is assessed in line with this policy on a case-by-case basis considering the specific circumstances of the grant, including whether the Department continues to demonstrate control over the economic resources at the reporting date.

1.21 Taxation

1.21.1 Corporation Tax

Some Group members, most significantly Network Rail, are within the scope of corporation tax. The tax expense comprises current and deferred tax. The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes where these will result in adverse or favourable tax effects on the settlement of assets liabilities.

Deferred tax is calculated using the tax rates expected to be applied when the temporary differences reverse, based on legislation that has been enacted or substantively enacted by the reporting date. Liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised on deductible temporary differences to the extent that it is probable that there will be taxable profits available against which they can be utilised.

Where the Group has a deferred tax liability, a deferred tax asset is also recognised up to the value of the deferred tax liability, in respect of carried forward trading losses where the taxable temporary difference will reverse in the same period and jurisdiction as the losses would also reverse (see Note 1.25).

Revaluing the Railway Network to DRC is not considered to create a taxable temporary difference, because it does not reflect conditions which are expected to produce taxable amounts when determining future years' taxable profits.

Deferred tax is charged or credited in Operating Expenditure unless it relates to items charged or credited directly to Other Comprehensive Net Expenditure, when the deferred tax is also recognised in Other Comprehensive Net Expenditure.

1.21.2 Value Added Tax

Under central government VAT rules, government bodies may recover VAT on specified goods and services only. Irrecoverable VAT is classified as a levy within the scope of IFRIC 21 and is recognised at the point specified in legislation, typically when the goods or services are received.

It is presented as follows:

- Where the recognition point specified in legislation is the point when the goods or services are received, it is charged to the relevant expenditure category and accruals balance;
- Where another standard requires it to be included in the cost of an asset, such as inventories or property, plant and equipment, it is recognised on that basis;
- Otherwise, it is presented as a separate expenditure line and accruals balance. This predominantly relates to VAT on leases.

Income and expenditure is otherwise shown net of VAT.

Other types of income and expenditure, including grants or rail passenger service contracts, are outside the scope of VAT.

1.22 Rail passenger services contracts

In November 2024, the Passenger Railway Services (Public Ownership) Act 2024 obtained royal assent, setting the legislative framework through which the Department will transition all of its rail passenger services contracts to a public ownership model when the current contracts expire. This programme has commenced in 2025-26.

Over the two years reflected in these 2024-25 financial statements, a number of mechanisms have been used to deliver railway services.

Some services were delivered by companies owned by DfT Operator Limited (DFTO). This delivery method was used when a contract with a privately-owned operator had been terminated.

Some rail passenger services were provided on a concession model with legally private sector operators, with the Department taking cost and revenue risk, and train operators being rewarded for meeting agreed performance metrics. Operators ran these rail services under two separate contractual types:

- National Rail Contracts (“NRCs”) (with start dates between May 2021 and October 2023), and
- Rail Emergency Recovery Measures Agreements (“ERMAs”) (from September 2020 to the NRC start date).

The expenditure is described as “support for passenger rail services”.

All of these contracts include a mechanism for balancing the operator’s net costs/revenues from performing the service but have different approaches for allowing the operator to generate a profit. While they feature multiple components to ensure that performance is reflected accurately, each contract is presented as a single net flow because the components do not relate to distinct goods or services. As their purpose is to support the delivery of a service to the public, all transactions are recognised in expenditure, including any contracts that generate a net credit during a financial year. Each contractual model is priced on a stand-alone basis from the preceding contractual model and is therefore accounted for as a separate contract.

1.22.1 National Rail Contracts

NRCs reflect the recommendations in the Williams-Shapps Review. They include a fee payable to the operator with fixed and performance-based elements. The operator is potentially exposed to financial loss if it operates inefficiently. Operators are incentivised to minimise cancellations, delays and short formations, and to co-operate with other stakeholders, including other operators, to increase passenger satisfaction. The business plan can be amended as conditions change. Given the pricing structure, the calculation of expenditure is not considered to be subject to material estimation uncertainty.

1.22.2 Rail Emergency Recovery Measures Agreements

The Rail Emergency Measures Recovery Agreements (“ERMAs”) were implemented in September 2020, as a transition from the Rail Emergency Measures Agreements (“EMAs”) which covered most of the COVID lock-down period, to the NRCs. All ERMAs ended by October 2023.

Fees included a management fee and performance fee, not exceeding 1.5% of the cost base.

1.22.3 DFTO Service agreements

Under these agreements, amounts transferred between the Group and the operator are calculated to ensure that the operator makes a fixed operating profit each financial year. Consequently, there may be a net flow to or from the operator, depending on the difference between passenger revenues and operating costs. The Group considers that each year of the agreement is distinct, as the amount is calculated to reflect the operator’s financial performance for that year. The expenditure recognised in any financial year will be the same as the amounts due to or from the operator for that year without any adjustment to reflect developments in any other year under that agreement.

1.23 Recognition of revenues from contracts with customers

Government bodies can only retain receipts if permitted by statute or Treasury consent. Other amounts are usually not presented as revenue and are surrendered to the Consolidated Fund.

The Group earns material revenues from providing services, including access to the railway network and river crossings, policing services, and the UK's participation in Eurocontrol.

IFRS 15 (as interpreted by the FReM) also covers revenues arising from:

- legislation and regulations which enable the Group to obtain revenue that is not classified as taxation by the ONS; and
- taxation, fines and penalties that the Group is permitted to retain by statute or Treasury consent.

Franchised network access and freight revenue is recognised each period in the financial year. Performance obligations are based upon fixed and variable volume access to the railway during the relevant year. Performance obligations are satisfied by providing track access over time under agreements with the train operating companies. No significant judgments are required to determine whether performance obligations have been satisfied. The input method is applied based on time lapsed.

River crossings charges comprise two types: charges for using the crossing and penalties for non-payment. The former are recognised when the vehicle uses the crossing; the latter when the payment deadline passes, after which the penalty notice is raised. Measurement reflects the probability that the consideration will be collected, based on experience of non-payment.

Fees for driver services, such as practical and theory tests, and vehicle services, such as heavy vehicle testing, are recognised on completion of the tests. MOT revenues are recognised when authorised examiners purchase test "slots", being the opportunity to deliver the test, issue the certificate and book the results, because DVSA has no further obligation, even if the slot is not used.

Income from the sale of registration marks is recognised on receipt for fixed-price sales and on the fall of the auctioneer's hammer for auction sales. Payment is immediate for online transactions and within five days of auction. Uncompleted sales are provided for after 90 days and written off after twelve months, when the related marks become available for resale. Fee income from the assignment, transfer and retention of cherished marks and from statutory services is recognised on receipt, when the transaction is processed, which is the point when the customer obtains control of the right to display the mark.

1.23.1 Accounting estimates and sources of estimation uncertainty

Track access contracts specify targets for network availability, and mechanisms for compensating train operators (including open access operators) when those targets are not met. This may result in variable consideration.

1.24 Operating segments

Note 2 discloses the Group's net expenditure by operating segments. The reportable segments are the Director General-led groups, reflecting the organisation structure, because financial information is reported to the Executive Committee and the Board on this basis.

1.25 Prior period adjustments

Items are restated retrospectively to:

- correct a material prior year error;
- apply a material change in accounting policy; or

reflect some types of change in consolidation boundaries, such as Machinery of Government changes.

If it is impracticable to determine the period-specific or cumulative effects of a policy change or error, re-statements are made to the earliest practical period.

During the year, the Government Car Service (GCS), a division of the core Department, was transferred to Cabinet Office by a Machinery of Government Change. The Group has made no restatements, due to the immateriality of GCS' net assets (£1.9m).

1.25.1 Prior Period Adjustments: recognition of deferred tax assets

The Group has material deferred tax balances in respect of Network Rail.

In previous years, the Group did not recognise any deferred tax assets in respect of carried forward trading losses, because the probability that these deferred tax assets would ever be realised was considered to be remote in Network Rail's circumstances. During the year, the Group reassessed the requirements of IAS 12 'Income Taxes' and associated IFRIC updates: this identified that where an entity has recognised a deferred tax liability, an assessment of the recoverability of a deferred tax asset for carried forward trading losses is only made at the point the deferred tax liability is utilised, where the deferred tax liability will reverse in the same period and jurisdiction as the losses would also reverse. The reversal of the deferred tax liability enables the utilisation of the unused tax losses and justifies the recognition of the deferred tax asset. The effect of this reassessment is to require a prior period restatement in these financial statements, recognising a deferred tax asset in respect of carried forward tax losses, up to the value of the deferred tax liability already recognised. In the primary statements, the deferred tax asset is presented on a net basis against the deferred tax liability. The gross asset and liability are disclosed separately in Note 21. The impact of the prior period adjustment on the deferred tax liability – and corresponding adjustments to Other Expenditure and Reserves – is presented below:

2022-23 closing balance	**£m**
Deferred tax liability - closing balance as previously stated at 1st April 2022	(6,450)
Adjustment for correction of prior period error -	
Recognised against General Fund closing balance at 31st March 2023	574
Deferred tax liability - closing balance as restated at 31st March 2023	(5,876)
2023-24	
Deferred tax liability - opening balance as restated at 1st April 2023	(5,876)
In-year movements recognised in 2023-24	(1,265)
Adjustment for correction of prior period error -	
Recognised against Statement of Comprehensive Net Expenditure	146
Deferred tax liability - closing balance as restated at 31st March 2024	(6,995)
2024-25	
Opening balance as restated at 1st April 2024	(6,995)
In-year movements recognised in 2024-25	(635)
Deferred tax liability - closing balance at 31st March 2025	(7,630)

This adjustment has the following overall impacts on the Departmental Group's primary statements in prior periods:

In 2022-23, closing net assets and equity at 31st March 2023 are increased by £574m from £558,522m to £559,096m.

In 2023-24, net expenditure for the year to 31st March 2024 is reduced by £146m from £26,526m to £26,380m.

Also in 2023-24, net assets and equity at 31st March 2024 are increased by the cumulative total of the adjustments for £574m and £146m described above, compared with the amounts reported in the published 2023-24 financial statements. Net assets and Equity are therefore increased by £720m from £624,682m to £625,402m.

The tax charge is presented in note 3.6: therefore, the Statement of Cash Flows and SOPS 2 within the Statement of Outturn Against Parliamentary Supply have also been restated.

There is no impact of this restatement on the Core & Agency results.

1.26 Statement of cash flows

This section describes the Group's policies and related judgements for the classification and presentation of certain items in the Statement of cash flows.

1.26.1 Operating cash flows

Cash flows from operating activities are reported using the indirect method. The starting point is Net expenditure for the year, the sub-total after finance income and finance expense.

Reconciling items between net expenditure and cash flows from operating activities include changes in working capital. These are adjusted to exclude movements that:

- Are not recognised in the SoCNE. For example, CFER payments, which are recognised directly in the General Fund, or
- Relate to other cash flow classifications. For example, changes in PFI liabilities include repayments of imputed capital, which are classified as financing cash flows.

Receipts of interest and dividends and payments of interest are classified as operating cash flows, as are cash flows under derivative contracts.

1.26.2 Investing cash flows

Investing cash flows for properties acquired using compulsory purchase powers or under statutory blight reflect the utilisation of the related provision (described in Note 1.19.2), rather than the recognition of the asset, given the extended periods that can elapse between acquisition and payment.

The Core Department and Agencies' investing cash flows include loans to Network Rail which, collectively, form a long-term part of its capital structure. However, individual loans are refinanced over shorter periods. Where repayments and advances are settled net, the cash flows are presented on the same basis.

1.26.3 Financing cash flows

Financing cash flows include receipts of Supply, from the Consolidated Fund, which is not repayable, and repayments of principal or imputed capital on borrowings (presented in Note 1.14), leases, and PFI liabilities (see Note 1.6.1). Note 17 Cash and cash equivalents includes a disclosure of changes in financing liabilities, giving additional information.

1.26.4 Payments of amounts due to the Consolidated Fund (CFERs)

Note 1.23 explained that some receipts are not recognised as revenue, but are surrendered to the Consolidated Fund. Some receipts that the Group may recognise must also be surrendered. The related payments are presented in this category.

1.27 Adoption of new and revised standards

1.27.1 IFRS 17

IFRS 17 Insurance Contracts became effective in the corporate sector for accounting periods commencing on, or after, 1 January 2023. HM Treasury's consultation on the adoption of IFRS 17 in central recommended that adoption of IFRS 17 in central government be deferred to an application date of 1 April 2025. The standard covers all enforceable arrangements under which an entity accepts a non-financial risk from a third party, with the option to exclude arrangements whose primary purpose is the provision of services for a fixed fee, which may be accounted for under IFRS 15. It requires an expected present value approach to measuring insurance liabilities, with an incremental amount to reflect the cost of of uncertainty. The financial impact of applying IFRS 17 is not yet known. However, the Department considers that any arrangements within scope of IFRS 17 will relate to some, but not all, of the risks covered by its guarantees and indemnities, disclosed within contingent liabilities. The following analysis may give some indication of the boundaries of uncertainty.

IFRS 17 initial assessment of remote contingent liabilities

The Group's remote contingent liabilities have a probability of crystallization below 1%. The following categories are thought likely to include some insurance risk, at present this is an estimation and formal review of this due to take place before implementation:

	31 March 2025
	£m
Inter City Express Rolling Stock	5,900
HS1 Concession Agreement – potential compensation on termination	3,811
Passenger Rail Franchise Agreements – Rolling Stock	1,565
Thameslink	607
Passenger Rail Franchise Agreements – Legacy	103

The maximum exposure would be £12bn; <1% of this amount would be immaterial.

IFRS 17 More than remote contingent liabilities

These contingent liabilities have a probability of crystallization of 1% or higher. The following categories are thought likely to include some insurance risk:

	31 March 2025
	£m
Mersey Gateway Bridge	1,070
Guarantees to promote investment in railway assets	52
Potential compensation obligations in the HS1 Concession Agreement	Unquantifiable

For the quantified categories, the probability-adjusted cost is currently thought to be below £10m.

The unquantified category should be compared with the remote contingent liability category: HS1 Concession Agreement – potential compensation on termination. The unquantified, more than remote, category covers scenarios that are not sufficient to require termination of the concession agreement. The financial exposure under any scenario will therefore be lower than the maximum, but the probability of those scenarios eventuating will be higher, and it is possible that more than one scenario could eventuate over the remaining term of the contract.

Considering both remote and more than remote contingent liabilities, all of these categories also cover scenarios which are not insurance risk, such as risks that are ultimately within the government's control, or risks created by the contract. Insurance risk typically arises from some types of force majeure event.

The Group therefore considers that a reasonable estimate of the IFRS 17 liability for remaining coverage would be materially lower than a probability-adjusted value of the amounts presented above, after reducing the probability to exclude risks that are not insurance risk, and after the amounts have been adjusted for the time value of money. The Group's historic payments in respect of these categories have been minimal, which indicates that the liability for incurred liabilities as at 1 April 2024 and 31 March 2025 will be immaterial. The financial impact on comprehensive net expenditure is not yet known.

Work will continue during 2025-26 to identify and quantify the insurance risks within these categories, then calculate the amounts of any liabilities and related expenditure.

1.27.2 Other upcoming standards

During the year, HM Treasury issued the FReM amendment covering changes to the valuation approach applied to property, plant and equipment used to provide public services and to intangible assets. These would lead to intangible assets being valued on an historical cost or deemed cost basis. Property, plant and equipment would be revalued on a quinquennial cycle, potentially on a rolling basis, with indexation applied in interim years. This will take effect from 2025-26. This is not expected to have a material impact.

IFRS 18 Presentation and Disclosure in Financial Statements was issued in April 2024 and will come into effect for accounting periods commencing on, or after, 1 January 2027. The UK Endorsement Board has yet to endorse it for adoption in the UK. It will change the presentation of the performance statement and statement of cash flows, and require additional disclosures for any alternative financial performance measures used by the entity. As the Statement of Comprehensive Net Expenditure required by the FReM and Department Yellow adapts the standard IFRS performance statement to reflect the circumstances of central government, it is currently unclear how IFRS 18 will affect the Group.

IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024 and will come into effect for accounting periods commencing on, or after, 1 January 2027. The UK Endorsement Board has yet to endorse it for adoption in the UK. It permits entities within scope to omit certain disclosures that would otherwise be required by IFRS. The Group awaits HM Treasury's views on the extent to which it should be applied within central government.

The Group does not expect any other new, or revised standard, or interpretation to have a material impact.

2. Statement of operating costs by operating segment

The core Department reports to the Board in accordance with its organisational structure and this is reflected in the segmental analysis. The core Department's operations are organised into Director General-led groups, with some functions reporting directly to the Permanent Secretaries. The main reportable segments combine outturn information of the core Department and its arm's length bodies for each segment. No operating segments have been aggregated. The groups and associated delivery bodies are described in more detail in the Directors' Report.

Rail Infrastructure and Services

This group is responsible for oversight of the Department's portfolio of major rail infrastructure projects. This includes oversight of the East West Rail Company that plans to reinstate a direct rail link between Oxford and Cambridge; the Integrated Rail Plan that scopes and phases major rail projects in the Midlands and the North. It also includes support for passenger rail services and developing the strategy and policy for rail.

Public Transport and Local

This group is responsible for developing strategy and policy for rail reform, regulating rail fares and improving the passenger experience; as well as local transport strategy, bus funding and reform, local infrastructure works and Regions and Cities, Partnerships and Devolution. Sponsorship of the ALBs Network Rail, British Transport Police and Transport Focus sits within this directorate.

Major Rail Projects

This group is responsible for the Northern Powerhouse Rail project; InterCity and the Integrated Rail Plan that scopes and phases major rail projects in the Midlands and the North. This group also supports the development of the HS2 programme, including Euston, rolling stock and programme integration

Roads Transport

This group is responsible for the Department's support towards driving and roads related activities. It oversees the agencies that deliver services relating to driving and vehicles. The group also includes sponsorship of National Highways and sub-national transport bodies.

Aviation, Maritime and Security

Key activities of this group are aviation policy including airports, environment, consumer protection and security and safety; maritime policy including infrastructure, environment, security and trade; security and safety of the transport network; Accident Investigation Branches; and sponsorship of relevant arm's-length bodies including the CAA, Air Travel Trust Fund, Maritime and Coastguard Agency and the General Lighthouse Authorities.

Decarbonisation, Technology and Strategy

The Decarbonisation, Technology & Strategy Group covers cross-cutting themes including reducing environmental impact, growing and levelling up the economy and increasing our global impact.

Corporate Delivery

This group supports the activities of the other groups. It leads on: finance; human resources; procurement; communications; corporate finance; property; assurance; digital, sponsorship of the Department's legal advisors and the Secretary of State's shareholding interests in arm's length bodies.

	Decarb-onisation, Technology and Strategy	Corporate Delivery	Aviation, Maritime, Security	Roads Transport	Major Rail Projects	Public Transport and local	Rail Infrastructure and Services	Total
								2024-25
	£m	£m	£m	£m	£m	£m	£m	£m
Gross	124	448	864	6,727	447	20,051	2,903	31,564
Income	(7)	(120)	(262)	(1,357)	(278)	(5,384)	(33)	(7,441)
Net Expenditure	**117**	**328**	**602**	**5,370**	**169**	**14,667**	**2,870**	**24,123**

	Decarb-onisation, Technology and Strategy	Corporate Delivery	Aviation, Maritime, Security	Roads Transport	Major Rail Projects	Pubic Transport and Local	Rail Infrastructure and Services	Total
								2023-24 (restated)
	£m	£m	£m	£m	£m	£m	£m	£m
Gross	128	627	755	6,934	1,558	20,433	2,932	33,367
Income	(3)	(44)	(397)	(1,331)	(343)	(4,869)		(6,987)
Net Expenditure	125	583	358	5,603	1,215	15,564	2,932	26,380

The prior year segmental analysis has been restated to reflect updated DG groups within the Department and ensure that 2023-24 is presented on a comparable basis.

The Board considers capital spending and liabilities by monitoring outturn against the budgetary control totals shown in the Statement of Outturn against Parliamentary Supply. Consequently, the Department does not report asset and liability balances on an IFRS-basis to the Board. Note 1.25 describes why the 31 March 2024 values have been restated and the impact of the change.

3. Expenditure

3.1 Staff costs

Information on staff numbers, exit packages and other relevant disclosures (including Ministers) is included in the People and Remuneration Report in the Accountability Report.

			2024-25	2023-24
	Permanently employed staff	**Other Staff**	**Total**	Total
	£m	£m	£m	£m
Wages and salaries	3,945	44	3,989	3,806
Social security costs	437		437	415
Other pension costs	400		400	375
Sub Total	**4,782**	**44**	**4,826**	4,596
Less recoveries in respect of outward secondments	(1)		(1)	(1)
Less capitalised staff costs	(1,161)	(18)	(1,179)	(1,236)
Total Net Costs	**3,620**	**26**	**3,646**	3,359
Of the total:				
Core Department & Agencies	867	17	884	839
Departmental Group	3,620	26	3,646	3,359

Other staff includes Ministers, who were paid £217k (2023-24: £246k).

3.2 Purchase of goods and services

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Cash items:				
Rail network maintenance		2,177		1,918
Support for passenger rail services	2,536	2,536	2,602	2,602
Road network current maintenance		608		554
Accommodation	114	693	99	674
Professional services	142	457	141	452
PFI service charges	23	525	23	459
Eurotunnel payments	356	356	343	343
Information & communications technology	242	564	235	539
Search & rescue helicopters	165	165	171	171
Support services	74	249	80	260
PFI interest charges		78		84
Consultancy	62	135	84	183
Rentals under operating leases	12	18	12	22
Travel and subsistence	30	67	28	63
Research and development expenditure	209	221	114	127
Publicity	7	22	10	27
Auditors' remuneration and expenses		4		4
VAT repayment				1
Other costs	225	544	201	474
Non-cash items:				
Auditors' remuneration and expenses	1	1	1	1
	4,198	**9,420**	4,144	8,958

Support for passenger rail services in 2024-25 included £191m management and performance fees payable to the operators (2023-24: £204m).

Other costs include £179m of Network Rail expenses relating to external operational charges.

Auditors’ remuneration is disclosed in the accountability report. See page 155.

3.3 Grants

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Local roads	1,612	1,612	1,751	1,751
Subsidies for Transport for London	83	83	1,001	1,001
Other local transport	1,484	1,484	1,425	1,425
Subsidies to the bus sector	1,296	1,296	1,184	1,184
Low emission motoring	370	370	257	257
Levelling up fund	245	245	202	202
Cycling and walking	126	126	137	137
Local and regional rail initiatives	221	223	306	308
Maritime	2	2	1	1
Aviation	19	19	19	19
Subsidies to the light rail sector	2	2	2	2
Low carbon fuel	35	35	48	48
Road Safety and Freight	61	61	70	70
Other	12	12	50	50
Grant in Aid and other grants to ALBs	21,695		21,908	
Total	**27,263**	**5,570**	28,361	6,455
Capital	5,820	3,854	7,086	4,744
Current	3,468	1,716	3,059	1,711
Grant in Aid	17,975		18,216	
Total	**27,263**	**5,570**	28,361	6,455

Subsidies to Transport for London decreased by £918m in the year because the TFL capital settlement ended in 2023-24. In 2024-25, the department provided a smaller grant to TFL which supported the procurement of additional rolling stock for the Elizabeth Line.

3.4 Depreciation and impairment charges

		2024-25		2023-24	
	Note	**Core Department & Agencies** £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
Non-cash items:					
Depreciation	5	155	10,052	149	9,871
Depreciation on right-of-use assets	7.1	70	226	70	236
Amortisation	6	35	58	34	49
Impairment of PPE and assets held for sale	5	4	438	53	1,272
Impairment of ROU assets	7			35	1
Downward (upward) revaluation of PPE & Investment Properties		1	33	(2)	7
		265	**10,807**	339	11,436

3.5 Provision expenses

		2024-25		2023-24	
	Note	**Core Department & Agencies** £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
Non-cash items:					
Provisions (released)/provided in year	22	(4)	32	(5)	122
Unwinding of discount on provisions	22	4	4		
Credit loss allowance			11		5
		–	**47**	(5)	127

3.6 Other operating expenditure

		2024-25		2023-24 (restated)	
	Note	**Core Department & Agencies £m**	**Departmental Group £m**	Core Department & Agencies £m	Departmental Group £m
Cash items:					
Other operating expenditure – Cash					
Air traffic payments		48	48	52	52
Non-cash items:					
Fair value loss / (gain) on fair value hedges					(4)
Loss / (gain) on derivatives not hedge accounted			(27)		(50)
Loss/(gain) on detrunking of the Road Network Pension Scheme costs					424
Loss / (gain) on disposal of PPE		(1)	22	(1)	(3)
Pension scheme costs		25	121	30	122
Corporation tax (credit) / charge			205		365
Impairment / (reversal in impairment) of inventory		42	42	2	2
Loss / (gain) on remeasurement of right of use assets	7	2	2		
		116	**413**	83	908

3.7 Finance expenses

Finance expenses include interest accruing on borrowings, leases and the Financial Indemnity Mechanism (FIM).

	2024-25		2023-24	
	Core Department & Agencies £m	**Departmental Group £m**	Core Department & Agencies £m	Departmental Group £m
Cash items:				
Finance expense	218	752	278	848
Non-cash items:				
Finance expense	61	909	116	1,276
	279	**1,661**	394	2,124

4. Income

		2024-25		2023-24	
	Note	Core Department & Agencies £m	Departmental Group £m	Core Department & Agencies £m	Departmental Group £m
Cash Items					
Sale of good and services					
Franchised track access income			(3,318)		(2,842)
Rental income		(2)	(276)	(2)	(255)
River crossings charges		(159)	(159)	(151)	(151)
Freight income			(70)		(53)
Other Income					
Income from rail policing services			(257)		(245)
Fees & charges to external customers		(1,099)	(1,363)	(1,102)	(1,347)
Transport for Scotland – SLA Receipt			(632)		(586)
Eurotunnel Recharge		(340)	(340)	(330)	(330)
Capital grant income received			(253)		(294)
Air traffic Receipts		(53)	(53)	(81)	(81)
Fees & charges to other public bodies		(97)	(97)	(57)	(57)
Claims for damages to road network			(22)		(22)
EU income			(1)	(1)	(5)
Grant income received		(4)	(11)	(4)	(11)
Other income		(47)	(302)	(32)	(407)
Sub Total – Cash items		**(1,801)**	**(7,154)**	(1,760)	(6,686)
Non cash items					
Amortisation of deferred income		(431)	(118)	(362)	(54)
Share of (profit) / loss of investments measured using equity accounting	14		(17)	(136)	(164)
Sub Total – Non cash items		**(431)**	**(135)**	(498)	(218)
Operating Income		**(2,232)**	**(7,289)**	(2,258)	(6,904)
Share of non-operating (profit) / loss of investments measured using equity accounting	14				
Interest receivable		(1,121)	(65)	(792)	(67)
Dividends receivable		(87)	(87)	(16)	(16)
Dividends receivable from joint venture					
		(3,440)	**(7,441)**	(3,066)	(6,987)

The Department received £86m dividends receivable in the year from its investment in NATS (NATS Holdings Ltd) and £1m from LCR Ltd. More information on the investment in NATS can be found in Note 14.1.

5. Property, Plant and Equipment

							2024-25
	Infrastructure assets			Assets under Construction	Land, buildings & other		
	Rail Network	Strategic Road Network	HS1 infrastructure asset	AUC including HS2	Land and buildings	Other assets	Total
	£m	£m	£m	£m	£m	£m	£m
Cost or valuation							
At 1 April 2024	704,170	180,564	3,279	31,132	1,719	997	921,861
Additions	6,050	3,593		6,875	23	31	16,572
Adjustment of renewal and enhancement works in progress to Depreciated Replacement Cost	(1,936)	(1,693)					(3,629)
Disposals	(16)	(34)			(29)	(66)	(145)
Impairments		(423)		(5)	(3)	(1)	(432)
Transfers						(3)	(3)
Reclassifications		(3)		(247)	9	59	(182)
Revaluations (cost)	18,861	(8,603)			229	25	10,512
At 31 March 2025	**727,129**	**173,401**	**3,279**	**37,755**	**1,948**	**1,042**	**944,554**
Depreciation							
At 1 April 2024	(232,249)	(20,877)	(671)		(362)	(467)	(254,626)
Charged in year	(8,531)	(1,343)	(42)		(42)	(94)	(10,052)
Disposals		11			26	64	101
Transfers						2	2
Reclassifications							
Revaluations (depreciation)	4,041	421			3	2	4,467
At 31 March 2025	**(236,739)**	**(21,788)**	**(713)**		**(375)**	**(493)**	**(260,108)**
Carrying amount at 31 March 2025	**490,390**	**151,613**	**2,566**	**37,755**	**1,573**	**549**	**684,446**
Carrying amount at 31 March 2024	471,921	159,687	2,608	31,132	1,357	530	667,235
Asset financing:							
Owned	490,390	119,747	2,566	37,755	1,573	549	652,580
On Balance Sheet (SoFP) PFI & other service concession arrangements		31,866					31,866
Carrying amount at 31 March 2025	**490,390**	**151,613**	**2,566**	**37,755**	**1,573**	**549**	**684,446**
Of the total:							
Core Department		3,390	2,565	3,545	483	108	10,091
Agencies				17	248	102	367
Other designated bodies	490,390	148,223	1	34,193	842	339	673,988
Carrying amount at 31 March 2025	**490,390**	**151,613**	**2,566**	**37,755**	**1,573**	**549**	**684,446**

“Infrastructure assets” comprise the railway in Great Britain and the strategic road network in England. These are each treated as single assets for accounting purposes, due to the integrated nature of these networks. High Speed 1 is accounted for as a distinct asset, reflecting the service concession agreement between the Department and HS1 Ltd.

“Assets under construction” comprise assets which are not yet operationally live. This category includes construction works undertaken to-date by HS2 Ltd, land and property acquired by the Core Department in support of HS2 construction, and other routine assets in the course of construction which are not yet complete. See Note 5.3.

“Land, buildings and other” comprise other items of Property, Plant and Equipment. These chiefly comprise operational land and buildings held by the Group in support of its activities.

							2023-24
		Infrastructure assets		**Assets under Construction**	**Land, buildings & other**		
	Rail Network	Strategic Road Network	HS1 Infrastructure Asset	AUC including HS2	Land and buildings	Other assets	Total
	£m	£m	£m	£m	£m	£m	£m
Cost or valuation							
At 1 April 2023	618,556	179,402	3,279	24,619	1,642	966	828,464
Additions	6,654	3,413		7,742	6	35	17,850
Adjustment of renewal and enhancement works in progress to Depreciated Replacement Cost	(2,129)	(1,280)					(3,409)
Disposals	(162)	(470)			(3)	(60)	(695)
Impairments		(62)		(1,156)	(5)	(10)	(1,233)
Transfers							
Reclassifications		(34)		(74)	34	50	(24)
Revaluations (cost)	81,251	(405)		1	45	16	80,908
At 31 March 2024	**704,170**	**180,564**	**3,279**	**31,132**	**1,719**	**997**	**921,861**
Depreciation							
At 1 April 2023	(207,141)	(20,042)	(629)		(330)	(447)	(228,589)
Charged in year	(8,214)	(1,495)	(42)		(39)	(81)	(9,871)
Disposals		46			2	59	107
Reclassifications					2		2
Revaluations (depreciation)	(16,894)	614			3	2	(16,275)
At 31 March 2024	**(232,249)**	**(20,877)**	**(671)**		**(362)**	**(467)**	**(254,626)**
Carrying amount at 31 March 2024	**471,921**	**159,687**	**2,608**	**31,132**	**1,357**	**530**	**667,235**
Carrying amount at 31 March 2023	411,415	159,360	2,650	24,619	1,312	519	599,875
Asset financing:							
Owned	471,921	129,655	2,608	31,132	1,337	529	637,182
On Balance Sheet (SoFP) PFI & other service concession arrangements		30,032			20	1	30,053
Carrying amount at 31 March 2024	**471,921**	**159,687**	**2,608**	**31,132**	**1,357**	**530**	**667,235**
Of the total:							
Core Department		3,286	2,608	3,629	493	120	10,136
Agencies				37	221	77	335
Other designated bodies	471,921	156,401		27,466	643	333	656,764
Carrying amount at 31 March 2024	**471,921**	**159,687**	**2,608**	**31,132**	**1,357**	**530**	**667,235**

5.1 Rail Network

In 2024-25 the overall increase in the value of the Railway Network by £18.5bn (2023-24: £60.5bn) reflected in these accounts is driven by the following factors.

- Capital additions were £6.1bn (2023-24: £6.7bn).
- This was broadly offset by £8.5bn (2023-24: £8.2bn) depreciation expense on the rail network.
- The total revaluation movement for 2024-25 was £21.0bn (2023-24: £62.2bn). The increase in valuation is primarily driven by the impact of inflation on replacement costs. This revaluation increase is partially offset by the adjustment of renewal and enhancement works to DRC, which reflects the typically higher cost of building on a live network compared with a theoretical greenfield new build.

Details of the valuation adopted by the Department

The Railway Network was valued by Network Rail and Turner and Townsend (professional valuers) using data provided by Network Rail following the quinquennial valuation approach described in Note 1.4.3.

The key components of this valuation, associated remaining lives and depreciation charges are shown in the table below:

			2024-25
Type	**Depreciated Replacement Cost** £m	**Remaining Life** Years	**Depreciation Charge** £m
Asset Under Construction	2,062		
Structures	63,963	62	955
Earthworks	147,528	95	1,492
Telecoms	2,568	7	362
Operational property	35,144	26	1,399
Electrification, plant and signals	59,585	34	1,943
Track	52,075	22	2,380
Land	127,465		
TOTAL	**490,390**		**8,531**

Sensitivity analysis

The following sensitivity analysis reflects the sources of estimation uncertainty disclosed in Note 1.4.3, showing the impact of changes in assumptions at the reasonable boundaries of uncertainty. This analysis demonstrates that the valuation of the rail network is materially sensitive to these assumptions. As these assumptions function independently within the overall valuation, the scenarios described below are not mutually exclusive and so more than one of these scenarios could arise simultaneously.

Scenario 1

Shows the impact of increasing or decreasing the remaining asset lives of the components of the modern equivalent railway network by 10%.

Scenario 2

Shows the impact if the land compensation adjustment (normally 65%) were to increase or decrease by 10%; i.e. a compensation adjustment of 75 % or 55 % respectively.

Scenario 3

Shows the impact if the adjustment for building on a greenfield site rather than in an operational environment (normally 32%) were to increase or decrease by 10%, showing the impact of an adjustment at 42% and 22%. This adjustment applies only to costing rates built up using a methodology not already reflecting greenfield build.

Scenario 4

Shows the impact of an adjustment to the risk factor applied to the overall DRC valuations, currently 20%, by an increase or decrease of 10%, effectively showing risk factors of 30% and 10%.

Sensitivity Analysis for Rail Network – Depreciated Replacement Cost

			2024-25
Type	**Depreciated Replacement Cost (-)** £m	**Depreciated Replacement Cost** £m	**Depreciated Replacement Cost (+)** £m
Base Case inc 20% risk		490,390	
Scenario 1	454,302		526,475
Scenario 2	482,663		498,113
Scenario 3	474,932		505,844
Scenario 4	460,317		520,460

Sensitivity Analysis for Rail Network – Depreciation Charge

			2024-25
Type	**Depreciation Charge (-)** £m	**Depreciation Charge** £m	**Depreciation Charge (+)** £m
Base Case inc 20% risk		8,531	
Scenario 1	8,391		8,678
Scenario 2	8,531		8,531
Scenario 3	7,977		9,086
Scenario 4	7,820		9,242

5.2 Strategic Road Network (SRN)

In 2024-25 the overall decrease in the value of the Strategic Road Network by £8.1bn (2023-24: £327m increase) was driven by the following factors.

- National Highways invested in additions into the Strategic Road Network of £3.6bn (2023-24: £3.4bn) in line with their capital investment program, offset by £1.3bn (2023-24: £1.5bn) of depreciation reflecting the latest condition of the network.
- The overall revaluation movement on the network was a downward revaluation of £9.9bn (2023-24: £1.1bn).

The depreciation charge for the roads has two elements. The first is the value of renewals performed during the year, which is a proxy for the reduction in depreciated replacement cost. The second is that the condition of the road is compared to its carrying value (after adjusting for renewals) and any movement is taken to depreciation as a charge or credit depending on whether the condition has deteriorated or improved.

Valuation approach

The Strategic Road Network (SRN) is valued using a DRC approach. The valuation is principally built up using: an understanding of the extent of the network and its component parts on a modern equivalent basis; the application of a number of costing rates for those component parts, by type; and the condition of the network. Key components of the SRN, their valuations, asset lives and associated depreciation charges are included in the table below:

Component valuations, asset lives and depreciation charges

			2024-25
Type	**Depreciated Replacement Cost**	**Asset Life**	**Depreciation Charge**
	£m	Years	£m
Assets Under Construction	3,117	N/A	
Roads	90,661	N/A	881
Structures	42,761	N/A	293
Technology	1,928	15-20	169
Land	13,146	N/A	
Total Range	**151,613**		**1,343**

The Road Network is valued by Atkins (professional valuers) using data provided by National Highways.

Sensitivity analysis

The valuation relies on the accounting estimates and estimation uncertainties described in Note 1.4.3. The following analysis shows the impact on the balance recognised for the SRN (including the part under construction) of alternative estimates, at the boundary levels of estimation uncertainty.

- The impact of increasing or decreasing the costing rates by 10%, would increase or decrease the DRC valuation by £14.6bn.
- The impact of increasing the Implied Output Price Index (IOPI) by 10 points would increase the DRC valuation by £12.1bn.

5.3 Assets under Construction

Assets under construction are recorded in Note 5. The balances included in assets under construction were:

	31-Mar-25	31-Mar-24
	£m	£m
Preparatory work for construction of HS2 (core Department and HS2 Ltd elements)	37,537	30,772
National Highways (non-SRN)	128	273
Vessel building costs	43	17
Other	47	70
Total	**37,755**	31,132

The vessel building costs were incurred by the Northern Lighthouse Board.

The material additions to assets under construction were:

	31-Mar-25	31-Mar-24
	£m	£m
Preparatory work for construction of HS2 (core Department and HS2 Ltd elements)	6,766	7,500
National Highways (non-SRN)	63	194
Vessel building costs	26	
Other	20	48
Total	**6,875**	7,742

Significant transfers out of AUC include £174m reclassified from AUC to Intangible Assets. Reclassifications net to nil across the Group.

6. Intangible Assets

				2024-25
	Software Licences £m	Development Expenditure £m	Assets under Construction £m	Total £m
Cost or valuation				
At 1 April 2024	450	494	19	963
Additions	7	82	30	119
Disposals	(5)			(5)
Impairment	(3)	(2)		(5)
Transfers				
Reclassifications	100	89	(14)	175
Revaluations (cost)		36		36
At 31 March 2025	**549**	**699**	**35**	**1,283**
Amortisation				
At 1 April 2024	(294)	(306)		(600)
Charged in year	(43)	(15)		(58)
Disposals	5			5
Transfers				
Reclassifications				
Revaluations (depreciation)				
At 31 March 2025	**(332)**	**(321)**		**(653)**
Carrying amount at 31 March 2025	**217**	**378**	**35**	**630**
Carrying amount at 31 March 2024	156	188	19	363
Asset financing:				
Owned	217	366	35	618
Finance Leased		12		12
PFI & other service concession arrangements				
Carrying amount at 31 March 2025	**217**	**378**	**35**	**630**
Of the total:				
Core Department	4	6		10
Agencies	99	48	35	182
Other designated bodies	114	324		438
Carrying amount at 31 March 2025	**217**	**378**	**35**	**630**

				2023-24
	Software Licences	**Development Expenditure**	**Assets under Construction**	**Total**
	£m	£m	£m	£m
Cost or valuation				
At 1 April 2023	420	460	135	1,015
Additions	15	1	12	28
Disposals	(15)		(4)	(19)
Impairments			(38)	(38)
Transfers			(49)	(49)
Reclassifications	30	26	(37)	19
Revaluations (cost)		7		7
At 31 March 2024	**450**	**494**	**19**	**963**
Amortisation				
At 1 April 2023	(274)	(291)		(565)
Charged in year	(35)	(14)		(49)
Disposals	15			15
Transfers				
Reclassifications		(1)		(1)
Revaluations (depreciation)				
At 31 March 2024	**(294)**	**(306)**		**(600)**
Carrying amount at 31 March 2024	**156**	**188**	**19**	**363**
Carrying amount at 31 March 2023	146	169	135	450
Asset financing:				
Owned	156	188	19	363
Finance Leased				
PFI & other service concession arrangements				–
Carrying amount at 31 March 2024	**156**	**188**	**19**	**363**
Of the total:				
Core Department	5		6	11
Agencies	109	54	13	176
Other designated bodies	42	134		176
Carrying amount at 31 March 2024	**156**	**188**	**19**	**363**

7. Leases

The Group's lease contracts comprise leases of operational land and buildings, plant and machinery and motor vehicles. Most are individually insignificant. Three elements, however, are significant in their own right

- The Core Department's most significant lease relates to its London headquarters building: this lease commenced in December 2018 for a term of twenty-five years with no extension options. Rentals increase annually in line with the consumer price index, subject to a cap and floor. The value of the asset as at 31 March 2025 was £57m (2023-24: £61m).
- MCA provides UK-wide services from ten bases operating under the UK Search and Rescue Helicopter Service contract. This contract also includes non-lease components. The value of the right of use asset as at 31 March 2025 was £79m (2023-24: £95m).
- Network Rail holds £207m of property leases and £203m of other leases (2023-24: £201m and £155m respectively).
- TOCs lease rolling stock from ROSCOs detailed arrangements around this are included in the Financial Overview on page 30.

7.1 Right-of-use lease assets

						2024-25
	Land and buildings £m	Other assets £m	Core Department & Agencies Total £m	Land and buildings £m	Other assets £m	Departmental Group Total £m
Cost or valuation						
At 1 April 2024	292	308	600	594	523	1,717
Additions	11	84	95	67	38	200
Impairments	(2)		(2)			(2)
Transfers						
Reclassifications					1	1
Revaluations (cost)	(2)	2			(1)	(1)
Derecognition	(1)	(7)	(8)	(24)		(32)
Remeasurement	4	5	9	28	93	130
At 31 March 2025	**302**	**392**	**694**	**665**	**654**	**2,013**
Depreciation						
At 1 April 2024	(86)	(223)	(309)	(312)	(344)	(965)
Charged in year	(20)	(50)	(70)	(61)	(95)	(226)
Remeasurement		(15)	(15)			(15)
Revaluations (depreciation)					3	3
De-recognition	1	7	8	21		29
At 31 March 2025	**(105)**	**(281)**	**(386)**	**(352)**	**(436)**	**(1,174)**
Carrying amount at 31 March 2025	**197**	**111**	**308**	**313**	**218**	**839**

						2023-24
	Land and buildings	Other assets	Core Department & Agencies Total	Land and buildings	Other assets	Departmental Group Total
	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 1 April 2023	270	301	571	559	483	1,613
Additions	7	18	25	20	49	94
Impairments	(35)		(35)	34		(1)
Reclassifications						
Revaluations (cost)	1		1		3	4
Derecognition	(7)	(8)	(15)			(15)
Remeasurement	56	(3)	53	(19)	(12)	22
At 31 March 2024	**292**	**308**	**600**	**594**	**523**	**1,717**
Depreciation						
At 1 April 2023	(70)	(180)	(250)	(243)	(251)	(744)
Charged in year	(19)	(51)	(70)	(69)	(97)	(236)
Revaluations (depreciation)					4	4
De-recognition	3	8	11			11
At 31 March 2024	**(86)**	**(223)**	**(309)**	**(312)**	**(344)**	**(965)**
Carrying amount at 31 March 2024	**206**	**85**	**291**	**282**	**179**	**752**

7.2 Lease liabilities

Leases are recognised within Note 19, Borrowings.

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is given below. The cash flows and balances are presented net of irrecoverable VAT.

		2024-25		2023-24
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Amounts falling due:				
Not later than one year	(81)	(190)	(85)	(216)
Later than one year and not later than five years	(164)	(439)	(157)	(409)
Later than five years	(384)	(528)	(381)	(464)
	(629)	**(1,157)**	(623)	(1,089)
Less: Unaccrued interest	239	295	236	311
Balance as at 31 March 2025	**(390)**	**(862)**	(387)	(778)
Of which:				
Current	(82)	(187)	(80)	(197)
Non-current	(308)	(675)	(307)	(581)
	(390)	**(862)**	(387)	(778)

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Depreciation	70	226	70	236
Interest expense	15	33	16	30
Rental on leases of low-value assets		6		
Low value and short term leases		51		27
	85	**316**	86	293

Amounts recognised in the Statement of Cash Flows

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Interest expense	15	33	16	30
Repayments of principal on leases	69	216	75	238
	84	**249**	91	268

Group as a lessor

Network Rail has material amounts receivable under leases, which are disclosed in the table below. Other amounts receivable are not material to the Group and therefore not included in the table below.

	31 March 2025	31 March 2024
	£m	£m
Within 1 year	525	502
Between 1 and 2 years	393	410
Between 2 and 5 years	578	666
After 5 years	1,975	1,861
Total	**3,471**	**3,439**

8. Investment Properties

	Departmental Group £m
Balance at 1 April 2023	231
Additions	5
Disposals	(4)
Reclassifications	1
Revaluations (cost)	(6)
Balance at 31 March 2024	**227**
Balance at 1 April 2024	227
Additions	1
Disposals	(3)
Reclassifications	
Revaluations (cost)	(30)
Balance at 31 March 2025	**195**

All material investment properties are controlled by Network Rail. The rental income earned from investment properties amounted to £13m (2023-24: £14m). Direct operating expenses incurred on the properties during the year amounted to £4m (2023-24: £3m). The properties are let on a tenant repairing basis. The maintenance obligations are limited to common areas and vacant property units.

9. Assets Held for Sale

	Core Department & Agencies £m	Departmental Group £m
Cost or Valuation		
Balance at 1 April 2023	5	20
Additions	1	2
Disposals	(1)	(3)
Impairments		
Reclassifications	2	1
Revaluations (cost)		
Balance at 31 March 2024	**7**	**20**
Balance at 1 April 2024	7	20
Additions		
Disposals	(3)	(6)
Impairments		(2)
Reclassifications		6
Revaluations (cost)	(1)	(1)
Balance at 31 March 2025	**3**	**17**

10. Commitments

Commitment Type		2024-25 Core Department & Agencies £m	2024-25 Departmental Group £m	2023-24 Core Department & Agencies £m	2023-24 Departmental Group £m
Capital commitments	10.1	4	6,955	11	7,932
Capital element of PFI commitments	10.2		972	3	1,079
Other financial commitments	10.3	24,174	2,104	29,817	2,307
Total		**24,178**	**10,031**	29,831	11,318

10.1 Capital commitments

Contracted and approved commitments at 31 March not otherwise included in these financial statements:

Contracted capital commitments at 31 March not otherwise included in these financial statements	2024-25 Core Department & Agencies £m	2024-25 Departmental Group £m	2023-24 Core Department & Agencies £m	2023-24 Departmental Group £m
Property, plant and equipment	2	6,953	6	7,927
Intangible assets	2	2	5	5
	4	**6,955**	11	7,932

10.2 Commitments under PFI and other service concession arrangements

National Highways have obligations under on-balance sheet PFI contracts. These arrangements fall within the scope of IFRIC 12 Service Concession Arrangements. Consequently, a PFI liability has been recognised to reflect the work capitalised. This liability is reduced over the life of the contract as payments are made. In accordance with FReM requirements, the interest element of the unitary charge relating to the assets capitalised has been calculated using the actuarial method.

National Highways has 11 PFI contracts for the design, build, financing and operation of sections of the strategic road network. The on-balance sheet capital element as at 31 March 2025 was £971m (2023-24: £1,076m). Lease charge commitments under these contracts comprise this capital element, future interest charges of £568m (2023-24: £646m) and future service charges of £6,678m (2023-24: £7,252m).

The most significant PFI contract is the 30-year M25 London Orbital Motorway contract that commenced in 2010, which requires the contractor to: operate, maintain; renew, reconstruct, repair and reinstate the road facilities within the designated area. For the M25 contract specifically, the on-balance sheet capital element as at 31 March 2025 was £708m (2023-24: £734m). Commitments under this contract comprise this capital element; future interest charges of £493m (2023-24: £550m); and future service charges of £5,926m (2023-24: £6,290m).

The future total imputed charges under on-balance sheet PFIs to which the Department is committed are given in the table below, analysed according to the period in which the commitment expires.

Imputed obligations under on balance sheet PFI contracts comprise:

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	**£m**	£m	£m
Rentals due:				
Not later than one year		182	3	185
Later than one year and not later than five years		442		517
Later than five years		916		1,023
		1,540	3	1,725
Less: interest element		(568)		(646)
		972	3	1,079

The capital element under on balance sheet PFI contracts comprises:

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Not later than one year		111	3	108
Later than one year and not later than five years		209		265
Later than five years		652		706
		972	3	1,079

The interest element under on balance sheet PFI contracts comprises:

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Not later than one year		71		78
Later than one year and not later than five years		233		251
Later than five years		264		317
		568		646

Future charges to the Statement of Comprehensive Net Expenditure

	2024-25		2023-24	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Not later than one year		538	25	547
Later than one year and not later than five years		1,673		1,800
Later than five years		4,467		4,931
		6,678	25	7,278

10.3 Other financial commitments

The Departmental Group has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements).

The payments, to which the Group is committed, and which have not been provided for in these accounts, are as follows:

	2024-25		2023-24	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Not later than one year	11,288	308	5,883	323
Later than one year and not later than five years	11,897	806	22,764	814
Later than five years	989	990	1,170	1,170
	24,174	**2,104**	29,817	2,307

The Core department has commitments to Network Rail for the remainder of Control Period 7 of up to £22,118m (2023-24: £27,535m): these amounts eliminate to nil on consolidation.

Core Departmental commitment to Train Operating Companies (TOCs)

The Secretary of State has statutory responsibilities under the Railways Act for provision of passenger rail services. The Department subsidises the TOCs' allowable costs, net of operating revenues, of which were £2,417m in 2024-25 and £2,431m in 2023-24 (Note 27). The value of the Department's commitment is considered to be unquantifiable because the level of subsidy is dependent upon uncertain future passenger volumes and revenues. Further details on these contracts and on TOCs' revenues and costs are provided in Note 27.

11. Loans

The Department has provided interest-bearing loans when the borrower is expected to be able to service and repay the debt and where the borrower's customers should cover the full cost (including financing).

The first table shows loans external to the Group whilst the second table shows all loans external to the Core Department and Agencies. The second table shows that there is significant intra-group lending.

The Department provided the following loan funding for the Crossrail project:

- £1.3bn to the Greater London Authority (GLA), drawn down in full between February 2019 and April 2020; principal repayable between 2021 and 2030;
- £750m to Transport for London (TfL), drawn down in full between April 2020 and April 2021; principal repayable between 2022 and 2031;
- £825m to the GLA, drawn down from May 2021; principal repayable between 2038 and 2040.

Following a thorough evaluation of the probability of default and losses given default, the Department considers there is no material impairment of the balance or the remaining loan commitment as at 31 March 2025, because both entities retain strong sub-sovereign credit ratings, and the GLA has the power to levy taxation for the purposes of funding the project.

	General Lighthouse Fund	Crossrail	Other loans	Departmental Group
	£m	£m	£m	£m
Balance at 1 April 2023	35	2,580	1	2,616
Advances	17			17
Repayments		(139)		(139)
Balance at 31 March 2024	**52**	**2,441**	**1**	**2,494**
Balance at 1 April 2024	52	2,441	1	2,494
Advances	23			23
Repayments	(12)	(174)		(186)
Balance at 31 March 2025	**63**	**2,267**	**1**	**2,331**

	Core Department external loans	Loans to Network Rail	DfT Core Department & Agencies
	£m	£m	£m
Balance at 1 April 2023	2,616	30,696	33,312
Advances	17	3,918	3,935
Repayments	(139)	(2,765)	(2,904)
Balance at 31 March 2024	**2,494**	**31,849**	**34,343**
Balance at 1 April 2024	2,494	31,849	34,343
Advances	23	15,690	15,713
Repayments	(186)	(15,698)	(15,884)
Balance at 31 March 2025	**2,331**	**31,841**	**34,172**

The Departmental Group total reflects all external loans issued by the Group. The Core Department external loans column reflects external loans issued by the Core Department, excluding loans issued by Arm's Length Bodies.

The Group considers that none of its loans has experienced a significant increase in credit risk since origination or become credit impaired in 2024-25 or 2023-24 and that the 12-month expected credit loss is immaterial.

12. Equity Investments

	London and Continental Railways Ltd	DfT Operator Ltd	Direct Subsidiaries	Core Department & Agencies Total	Network Rail Consulting Ltd	Interests in jointly controlled entities	Departmental Group Total
	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2023	265	126	16	**407**	24	28	459
Additions			1	**1**			1
Disposals							
Impairments							
Revaluations (cost)	(33)	23		**(10)**	(1)	3	(8)
Profit / (Loss) share							
Balance at 31 March 2024	**232**	**149**	**17**	**398**	**23**	**31**	**452**
Balance at 1 April 2024	232	149	17	**398**	23	31	452
Additions			2	**2**			2
Disposals							
Impairments							
Revaluations (cost)	(15)	20		**5**	7	(1)	11
Profit / (Loss) share							
Balance at 31 March 2025	**217**	**169**	**19**	**405**	**30**	**30**	**465**

12.1 Valuation methodologies and techniques

The Department’s 100% interests in LCR Ltd and DfT Operator Limited (DFTO) are equity investments held at fair value. They have been measured using alternative valuation techniques described below, because the instruments are not regularly traded on an active market. The direct subsidiaries are typically dormant entities, whose assets are receivables from the Group.

12.2 London and Continental Railways Limited (LCR Ltd)

LCR Ltd is recognised at fair value as at 31 March 2025 and 31 March 2024. The valuation is based on four components: investment properties; cash and working capital; property development around Stratford (through its joint venture, Stratford City Business District Ltd); and property development of the Manchester Mayfield site. The disclosures in Note 26.1 indicate the carrying values of these components in LCR Ltd's annual report and accounts. On the implementation of IFRS 9, the Department made an irrevocable election to hold it at fair value through other comprehensive income.

The valuation was performed by selecting, for each component, the valuation techniques that a knowledgeable investor would use. For the most part, particularly for the investment property portfolio, these reflect surveyors' valuations of properties. In performing these valuations, surveyors make estimates and assumptions around rental yields, voids, occupancy rates and rent-free periods. Changes in these assumptions could increase or decrease the reported valuations. It is considered that all properties and developments are currently being held or developed for their highest and best use. Given the valuation approach, the resulting valuation is considered to be at level 3 in the IFRS 13 hierarchy.

The valuation identified the following changes of value, which have been recognised through other comprehensive income:

2024-25: (£15m)
2023-24: (£33m)

The change in fair value between 31 March 2024 and 31 March 2025 of £15m was mostly driven by valuation losses on the investment properties, a reduction in deferred income, the dividend payment to the Department, offset by a reduction in the deferred tax liability largely relating to the investment properties.

12.3 DfT Operator Ltd (DFTO)

DfT Operator Ltd is treated as a portfolio of investments in London North Eastern Railway Ltd, TransPennine Trains Ltd, Northern Trains Ltd and SE Trains Ltd. Each of these component companies has been measured at its net assets, which is considered to approximate to fair value. These net assets chiefly comprise working capital balances and IFRS 16 balances. The assets and liabilities held directly by DFTO are included at their book value. This is based on DFTO's accounts for the year.

We consider that the resulting valuation is level 3 in the IFRS 13 hierarchy.

The valuation identified the following changes of value, which have been recognised in other comprehensive net expenditure:

2024-25: £20m
2023-24: £23m

Further information on DFTO is provided in Note 26.2.

12.4 Interests in Jointly Controlled Entities

Network Rail's joint venture investments in the Station Office Network, West Hampstead Square, and Solum were valued at an aggregated amount of £30m at 31 March 2025 (2023-24: £32m) reflecting changes in their net assets. Most of the net assets comprise properties that are revalued annually. This resulted in a revaluation of £2m in 2024-25 (2023-24: £3m) that has been recognised in other comprehensive net expenditure.

This is considered to be a level 3 valuation.

12.5 Network Rail Consulting Limited

The Group's investment in Network Rail Consulting Limited is recognised at fair value based on its estimated market value. The disclosures in Note 26.3 indicate the carrying values of these components in the company's annual report and accounts. Given the valuation approach, the resulting valuation is considered to be at level 3 in the IFRS 13 hierarchy.

13. Derivatives

Materially, all of the Group's derivatives are held by Network Rail. Before Network Rail was reclassified to the central government sector in 2014, it raised debt finance principally through the sale of bonds. To manage the associated risks, such as foreign currency exchange risk and interest-rate risk, it purchased derivatives which fix the exchange rate or interest rate. The significant majority of remaining derivatives from this risk management programme are forward-starting interest rate swaps under which Network Rail fixed its cash flows relating to interest ahead of its debt drawdowns. The net effect of this arrangement was to give the company certainty over its cost of debt ahead of the point of drawdown. Hedge accounting is not used at Departmental Group level as a result of the relevant drawdowns having been made from the Department, following Network Rail's reclassification. Network Rail has no active derivatives purchase programme. Note 29.2 shows when derivatives mature.

The fair value of derivatives is estimated by discounting the future contractual cash flows using appropriate yield curves based on quoted market rates as at the current financial year end. These are considered to be level 2 valuations.

Interest rate risk is described in Note 29.

Financial assets held at fair value through the SOCNE

	2024-25		2023-24	
	Departmental Group		Departmental Group	
	Fair Value	Notional amounts	Fair Value	Notional amounts
	£m	£m	£m	£m
Non-hedge accounted derivatives				
Cross-currency swaps to hedge debt issued under the debt issuance programme				
Interest rate swaps	22	1,015	71	2,240
Forward foreign exchange contracts		15	1	34
	22	**1,030**	72	2,274
Included in non-current assets	13	490	40	1,031
Included in current assets	9	540	32	1,243
	22	**1,030**	72	2,274

Financial liabilities held at fair value through the SOCNE

	2024-25		2023-24	
	Departmental Group		Departmental Group	
	Fair Value	Notional amounts	Fair Value	Notional amounts
	£m	£m	£m	£m
Non-hedge accounted				
Cross-currency swaps to hedge debt issued under the debt issuance programme	(10)	(56)	(10)	(56)
Interest rate swaps to hedge debt issued under the Debt Issuance Programme	(54)	(1,015)	(142)	(2,240)
Forward foreign exchange contracts	(3)	(27)	(1)	(11)
	(67)	**(1,098)**	(153)	(2,307)
Included in non-current liability	(47)	(525)	(99)	(1,071)
Included in current liability	(20)	(573)	(54)	(1,236)
	(67)	**(1,098)**	(153)	(2,307)

14. Investments measured using equity accounting

The Group has the following material investments measured using equity accounting, in accordance with the policy described in Note 1.10.

	Core Department & Agencies £m	Departmental Group £m
Balance at 1 April 2023	366	630
Share of profits / (loss)	136	164
Share of other comprehensive net income / (expenditure)	(54)	(54)
Balance at 31 March 2024	**448**	**740**
Balance at 1 April 2024	448	740
Share of profits / (loss)	86	103
Share of other comprehensive net income / (expenditure)	(41)	(41)
Dividends received by Group Entities	(86)	(86)
Balance at 31 March 2025	**407**	**716**

14.1 NATS Holdings Ltd (NATS)

The Department holds an investment in NATS, which is the sole provider of en route air traffic control services to flights within the UK Flight Information Regions and the Shanwick Oceanic Control Area and provides air traffic control services to UK airports. NATS is accounted for as an associate as the Department holds minority voting rights in NATS (31 March 2024 and 2025: 48.9%).

	Investment in NATS £m
Balance at 1 April 2023	366
Share of profits / (loss)	136
Share of other comprehensive net income / (expenditure)	(54)
Balance at 31 March 2024	**448**
Balance at 1 April 2024	448
Share of profits / (loss)	86
Share of other comprehensive net income / (expenditure)	(41)
Dividends received by Group Entities	(86)
Balance at 31 March 2025	**407**

Carrying value as at 31 March 2024 and 31 March 2025

The value recognised on the Statement of Financial Position represents the Department's share of NATS' net assets as presented in NATS' audited financial statements for the years to 31 March 2024 and 2025

The Department received £86m dividends from its investment in NATS. NATS Employee Sharetrust Limited, that holds 5% of share capital on trust for employees, waived its right to receiving a dividend in relation to shares that currently are not allocated to employees, equating to £4m. The Department's share of this is reflected in the £2m difference in the share of other comprehensive expenditure.

Financial results of NATS

	2024-25	2023-24
	£m	£m
Balance at 31 March		
Non-current assets	1,840	1,821
Current assets	513	617
Current liabilities	(308)	(302)
Non-current liabilities	(1,214)	(1,221)
Net assets	**831**	915
Total revenue and regulatory allowances	1,072	1,189
Profit/(loss) for the year	175	278
Other comprehensive income/(expenditure) for the year	(88)	(111)
Dividends paid during the year	171	

The decrease in NATS' net assets presented in its own financial statements for the year ended 31 March 2025 and reflected in the carrying value of the Department's investment is largely due to a dividend issued to shareholders in the year of of £171m, which had previously been suspending following the Covid-19 pandemic.

Following the requirements of IAS 28, the Department is required to assess whether the carrying value of this investment asset, calculated using the equity method, exceeds its recoverable amount. NATS' revenues are regulated by the Civil Aviation Authority (the CAA) using a Regulatory Asset Base (RAB) method. In October 2023, the CAA published its Final Decision for the NR23 price control for the period from 1st January 2023 to 31st December 2027. The Department considers the recoverable amount continues to meet the carrying value of the investment.

14.2 Network Rail Insurance Limited

Network Rail Insurance Ltd was established by Network Rail to act as a "captive" insurance company, to have direct access to reinsurance markets, minimising the volatility of insurance premia and retaining profits within the Network Rail Group. It is a wholly owned subsidiary of the Network Rail Group and is consolidated in Network Rail's financial statements.

Investment in Network Rail Insurance Ltd.

	£m
Balance at 1 April 2023	264
Share of profits / (loss)	29
Share of other comprehensive net income / (expenditure)	
Balance at 31 March 2024	**293**
Balance at 1 April 2024	293
Share of profits / (loss)	16
Share of other comprehensive net income / (expenditure)	
Balance at 31 March 2025	**309**

Network Rail Insurance Ltd is classified to the “rest of the world” sector because it is managed from Guernsey and therefore cannot be designated for consolidation in these financial statements. In accordance with the FReM, it is measured here using equity accounting. The values recognised as at 31 March 2025 are the latest not yet audited figures on the date of publishing this report reflecting its net assets in its financial statements as at 31 March 2025. The values recognised as at 31 March 2024 reflect its net assets in its published financial statements as at those dates. The profit in the financial results below do not exactly tie-in to the movement in the investment due to a change in the final numbers in Network Rail Insurance Ltd after the 2023-24 DfT ARA was published. This has been reflected in the lower share of profits above.

Financial results of Network Rail Insurance Limited

	2024-25	2023-24
	£m	£m
Balance at 31 March		
Non-current assets		
Current assets	375	348
Current liabilities	(9)	(1)
Non-current liabilities	(57)	(54)
Net assets	**309**	293
Profit/(loss) for the year	26	27

15. Inventories

	2024-25		2023-24	
	Core Department & Agencies £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
Current assets				
Properties acquired under the HS2 exceptional hardship and related schemes				
Raw materials, consumables & work-in-progress		502		436
Total current assets		**502**		**436**
Non-current assets				
Properties acquired under the HS2 exceptional hardship and related schemes	721	721	762	762
Raw materials, consumables & work-in-progress	7	11	7	11
Total non-current assets	**728**	**732**	**769**	**773**

The inventories disclosed under Core Department & Agencies for HS2 relate to land and properties acquired during the construction of High Speed 2. Inventories are classified as non-current assets because materially all of the properties will be held for at least one year.

For 2024-25 there is a total downward revaluation, from the Valuation Office Agency, of £43m. This is due to the cancellation of Phase 2, resulting in an additional 334 properties being revalued.

16. Trade and other receivables

	2024-25		2023-24	
	Core Department & Agencies £m	**Departmental Group £m**	Core Department & Agencies £m	Departmental Group £m
Amounts falling due within one year:				
Trade receivables	71	92	120	38
Trade receivables – contracts with customers		433		533
Deposits and advances		133		137
VAT receivables	25	541	19	509
Other receivables	137	90	85	160
Collateral placed with banking counterparties		45		85
Prepayments and accrued income	418	860	612	1,057
Total current	**651**	**2,194**	836	2,519
Amounts falling due after more than one year:				
Trade receivables	17	17	17	17
Other receivables	31	30	33	32
Network Rail Collateral Facility	40		80	
Finance leases	1	1		
Prepayments and accrued income		4		6
Total non-current	**89**	**52**	130	55
Total current and non-current	**740**	**2,246**	966	2,574

Contract assets largely comprise Network Rail's contracts with customers and from the property portfolio. They are based on unconditional rights to consideration and are not contingent on conditional or dependent on satisfying other performance obligations.

17. Cash and cash equivalents

	2024-25		2023-24	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
At 1 April	222	610	175	455
Net change in cash and cash equivalents	395	775	47	155
At 31 March	**617**	**1,385**	222	610
The following balances were held at:				
Government Banking Service	612	845	217	273
Commercial banks and cash in hand	5	540	5	337
At 31 March	**617**	**1,385**	222	610

The following table provides disclosures that enable users of the financial statements to evaluate the changes in liabilities arising from financing activities, including both cash and non-cash changes.

	At 31 March 2024	Cash flows				Non-Cash Changes	At 31 March 2025
			Net cash requirement	Acquisition	Capital accretion	Fair value and other movements	Total
	£m	£m	£m	£m	£m	£m	£m
Supply	(222)	(30,536)	30,141				(617)
Lease liabilities	(815)	216		(169)		(93)	(861)
PFI liabilities	(1,079)	101		(1)		6	(973)
Derivatives	(81)	9				31	(41)
Collateral	82	(37)				(1)	44
Bonds and notes	(32,478)	(21)			(969)	19	(33,449)
	(34,593)	**(30,268)**	**30,141**	**(170)**	**(969)**	**(38)**	**(35,897)**

	At 31 March 2023	Cash flows				Non-Cash Changes	At 31 March 2024
			Net cash requirement	Acquisition	Capital accretion	Fair value and other movements	Total
	£m	£m	£m	£m	£m	£m	£m
Supply	(176)	(32,068)	32,021				(222)
Lease liabilities	(885)	308		(94)		(144)	(815)
PFI liabilities	(1,180)	101					(1,079)
Derivatives	(137)					56	(81)
Collateral	139	(57)					82
Bonds and notes	(32,310)	1,189			(1,395)	38	(32,478)
	(34,549)	**(30,527)**	**32,021**	**(94)**	**(1,395)**	**(50)**	**(34,593)**

18. Trade and other payables

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Amounts falling due within one year:				
Trade payables	(49)	(1,044)	(379)	(1,482)
Other payables	(42)	(370)	(40)	(379)
VAT, other taxation and social security	(16)	(125)	(7)	(104)
Accruals	(1,556)	(3,632)	(1,715)	(3,965)
Deferred income	(63)	(137)	(168)	(243)
Deferred income – contracts from customers	(74)	(94)	(67)	(92)
Current part of imputed finance lease element of Public Finance Initiative (PFI) contracts and other service concession arrangements		(111)	(3)	(108)
Collateral received from banking counterparties				(3)
Third Party payables			(5)	(5)
Amounts issued from the Consolidated Fund for supply but not spent at year end	(617)	(617)	(222)	(222)
Consolidated Fund Extra Receipts due to the Consolidated Fund	(19)	(19)	(7)	(7)
Total current	**(2,436)**	**(6,149)**	(2,613)	(6,610)
	£m	£m	£m	£m
Amounts falling due after more than one year:				
Other payables	(33)	(130)	(33)	(122)
Deferred income	(825)	(899)	(882)	(953)
Deferred income – contracts from customers	(14)	(14)	(14)	(14)
Non current part of imputed finance lease element of Public Finance Initiative (PFI) contracts and other service concession arrangements		(860)		(971)
Total non-current	**(872)**	**(1,903)**	(929)	(2,060)
Total current and non-current	**(3,308)**	**(8,052)**	(3,542)	(8,670)

The most material elements of trade and other payables arise from Network Rail and HS2.

19. Borrowings

Financial liabilities

Balances in the Core Department and Agencies column relate to the core Department's obligations to CTRL Section 1 Finance plc and LCR Finance plc for their external borrowings. These obligations are eliminated on consolidation.

Departmental Group borrowings are instruments issued by Network Rail, CTRL Section 1 Finance plc and LCR Finance plc. Further information of the movement of borrowings is available in the financial statements of Network Rail, CTRL Section 1 Finance plc and LCR Finance plc.

Lease liabilities

The majority of the Group's leases are recognised on-balance sheet as right-of-use assets (Note 7) and lease liabilities. Lease liabilities are presented under borrowings, because they have similar characteristics: they are interest-bearing and have long-term maturities. However, they are not financial instruments within the scope of IFRS 9, and therefore are not subject to all of the disclosure requirements.

Interest costs are disclosed in Note 3.7.

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
1.085% sterling index linked bond due 2052		(190)		(183)
0% sterling index linked bond due 2052		(216)		(207)
2.334% Asset Backed Index Linked Notes due 2051	(1,092)	(1,085)	(1,062)	(1,054)
5.1% sterling bond due 2051	(1,102)	(1,101)	(1,101)	(1,101)
1.003% sterling index linked bond due 2051		(36)		(35)
0.53% sterling index linked bond due 2051		(183)		(177)
0.517% sterling index linked bond due 2051		(184)		(177)
0% sterling index linked bond due 2051		(217)		(207)
0.678% sterling index linked bond due 2048		(181)		(174)
1.125% sterling index linked bond due 2047		(7,712)		(7,457)
0% sterling index linked bond due 2047		(142)		(135)
1.1335% sterling index linked bond due 2045		(74)		(71)
1.5646% sterling index linked bond due 2044		(414)		(400)
1.1565% sterling index linked bond due 2043		(83)		(80)
1.1795% sterling index linked bond due 2041		(101)		(98)
1.2219% sterling index linked bond due 2040		(404)		(391)
1.2025% sterling index linked bond due 2039		(110)		(107)
4.5% sterling bond due 2038	(429)	(429)	(429)	(429)
4.6535% sterling bond due 2038		(100)		(100)
1.375% sterling index linked bond due 2037		(7,648)		(7,388)

	2024-25		2023-24	
	Core Department & Agencies £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
5.234% Asset Backed Fixed Rate Notes due 2035	(280)	(280)	(283)	(282)
4.75% sterling bond due 2035		(1,239)		(1,238)
1.6492% sterling index linked bond due 2035		(615)		(594)
4.375% sterling bond due 2030		(873)		(873)
4.5% sterling bond due 2028	(1,239)	(1,239)	(1,239)	(1,239)
1.75% sterling index linked bond due 2027		(7,296)		(7,066)
4.615% Norwegian krone bond due 2026		(37)		(37)
4.57% Norwegian krone bond due 2026		(10)		(10)
1.9618% sterling index linked bond due 2025		(522)		(503)
Index-linked European Investment Bank due 2036 (£243m) and 2037 (£241m)		(688)		(664)
Other				
Vessel Loan from the GLF		(40)		(17)
Financial liabilities	**(4,142)**	**(33,449)**	(4,114)	(32,494)
Lease liabilities	**(390)**	**(862)**	(387)	(778)
Total borrowings	**(4,532)**	**(34,311)**	(4,501)	(33,272)
Of which				
Current	(128)	(751)	(129)	(267)
Non-current	(4,404)	(33,560)	(4,372)	(33,005)
	(4,532)	**(34,311)**	(4,501)	(33,272)

Current borrowings include bonds maturing in the next 12 months plus stage repayments of other bonds, and lease liabilities due within the next 12 months.

The vessel loan represents amounts due to the General Lighthouse Fund for the costs of a new vessel (see Note 5.3).

The following table analyses the Department's exposure to interest and inflation risk on the financial liabilities above. Note 30 analyses the financial liabilities by IFRS 9 treatment and the fair value hierarchy.

	2024-25		2023-24	
	Core Department & Agencies £m	**Departmental Group** £m	Core Department & Agencies £m	Departmental Group £m
Analysis by interest rate and inflation risk exposure				
Nominal	(3,050)	(5,309)	(3,052)	(5,309)
Index-linked	(1,092)	(28,100)	(1,062)	(27,168)
	(4,142)	**(33,409)**	(4,114)	(32,477)

An analysis of the movement in borrowings during the year is included in Note 17.

20. Financial guarantee contracts

The Department has given an indemnity to Network Rail's debt holders covering the total outstanding debt as at 31 March 2025 of £29,274m (31 March 2024: £28,372m). The indemnity expires in 2052 and is recognised as a financial guarantee contract. The indemnity reduces the cost of borrowing for Network Rail. The table below shows the carrying value calculated in accordance with the accounting policies in Note 1.15. The amount amortised to income reflects the amount of debt supported, multiplied by the credit spread. The impact of financing is presented separately as an interest cost. The amount charged or released during the year is explained in Note 3.7.

	Core Department & Agencies £m
Balance at 1 April 2023	(4,815)
Charge in year	(17)
Amortised to income	308
Unwinding of discount	(99)
Balance at 31 March 2024	**(4,623)**
Charge in year	38
Amortised to income	313
Unwinding of discount	(99)
Balance at 31 March 2025	**(4,371)**

21. Deferred taxation

Deferred tax relates to the activities of Network Rail. The majority of the Departmental Group's other activities are classified as non-business and therefore are out of scope of deferred tax.

The deferred tax liability balance relates principally to taxable temporary differences arising because accelerated capital allowances that affect the tax base exceed accounting depreciation. No adjustment is made in respect of the revaluation of the Railway Network to DRC, which produces a higher depreciation charge in these financial statements than those of Network Rail. The Department considers that the valuation of the Railway Network in Network Rail's own financial statements (on which the deferred tax workings are based) provides the best basis for assessing temporary differences that would affect the future assessment of tax if the relevant assets were realised.

UK corporation tax is calculated at 25% in 2024-25 (2023-24: 25%). The corporation tax rate increased to 25% with effect from 1 April 2023. Accordingly, deferred tax at 31 March 2025 is calculated at a rate of 25% (2024: 25%) based on the tax rate expected to prevail based on legislative enactments at the point temporary differences resolve. The amount at which temporary differences crystallise is sensitive to the decisions on future tax laws to be taken by Parliament.

During the year, the Group reassessed the requirements of IAS 12 'Income Taxes' and determined that a prior period restatement is necessary to reflect deferred tax assets in the Statement of Financial Position in respect of carried forward trading losses. This is described further in Note 1.25.

	2024-25	2023-24 (restated)
	Departmental Group	Departmental Group
	£m	£m
At 1 April	(6,995)	(5,876)
Operating gain / (loss)	(210)	(361)
Other comprehensive income/(expenditure)	(425)	(758)
At 31 March	**(7,630)**	(6,995)

Some deferred tax assets and liabilities have been offset. The following is the analysis of the gross deferred tax balances:

Deferred tax liabilities	(8,350)	(7,715)
Deferred tax assets	720	720
	(7,630)	(6,995)

The increase in the deferred tax liability in 2024-25 reflects actuarial movements in Network Rail's pension scheme, in addition to movements in the valuation of the railway network.

Deferred tax assets of £720m (31 March 2024 restated: £720m) shown in the table above relate to carried forward tax losses of £2,879m (31 March 2024: £2,879m). A deferred tax asset is recognised in respect of carried forward trading losses where the deferred tax liability in the same entity will reverse in the same period and jurisdiction as the losses would also reverse. This is described further in Notes 1.19 and 1.25.

Note 1.25 describes why the 31 March 2024 values have been restated and the impact of the change.

22. Provisions for liabilities and charges

	High Speed 2 Land & Property £m	Industrial disease claims £m	National Freight Company Pension £m	Others £m	Core Department & Agencies £m	National Highways Land & Property £m	ATTF £m	Others £m	Total £m
Balance at 1 April 2023	(1,008)	(120)	(23)	(31)	(1,182)	(405)	(3)	(167)	(1,693)
Provided in year	(139)			(18)	(157)	(337)	(4)	(172)	(670)
Provision written back	34	15	6	3	58	121	1	44	224
Provision utilised	366	10	3	17	396	82	5	28	511
Unwinding of discount									
Transfers									
Reclassifications									
Balance at 31 March 2024	**(747)**	**(95)**	**(14)**	**(29)**	**(885)**	**(539)**	**(1)**	**(267)**	**(1,628)**
Balance at 1 April 2024	(747)	(95)	(14)	(29)	(885)	(539)	(1)	(267)	(1,628)
Provided in year	(32)			(8)	(40)	(259)	(3)	(74)	(376)
Provision written back	136	6		6	148	123		22	293
Provision utilised	68	8	2	11	89	58	2	35	184
Unwinding of discount		(4)			(4)				(4)
Transfers									
Reclassifications									
Balance at 31 March 2025	**(575)**	**(85)**	**(12)**	**(20)**	**(692)**	**(617)**	**(2)**	**(284)**	**(1,531)**
Of which:									
Later than five years		(61)	(7)	(4)	(72)			(1)	(73)
Between one and five years	(220)	(18)	(4)	(5)	(247)	(370)		(16)	(569)
Non-current	(220)	(79)	(11)	(9)	(319)	(370)		(17)	(642)
Current / within one year	(355)	(6)	(1)	(11)	(373)	(247)	(2)	(267)	(889)

Industrial Disease Claims

The British Railways Board was a major employer for some 50 years (with up to three-quarters of a million employees at one time) and was responsible for industrial injuries, and other employment- and environment-related claims resulting from its activities. Some industrial diseases are slow to develop, and therefore the claims do not arise until many years after the relevant employment ceases. In 2001, following privatisation, the responsibility and liability for these claims transferred to British Railways Board (Residuary) Ltd (BRBR), and when BRBR was abolished in 2013, they passed to the DfT.

HS2 Land and Property

The Department holds various provisions to cover the purchase of land and properties acquired under different HS2 schemes and processes (31 March 2025: £575m; 2024: £747m). These include: compulsory purchase orders £631m; statutory blight legislation £43m; the Need to Sell scheme £10m; Rural Support Zone Scheme £3m and specific agreements with various corporate entities £60m. Note 1.19.2 describes the key estimation factors affecting the valuation of land and property provisions connected with compulsory purchase orders. The provision for compulsory purchases mainly reflects the first phase, where CPO powers lapsed on 23rd February 2022.

National Highways Land and Property

Land and property acquisition provisions relate principally to the estimated cost of: planning blight; discretionary and compulsory acquisition of property; and compensation for property owners arising from physical construction of a road scheme. It may take several years from the announcement of a scheme to completion of the road and the final settlement of all liabilities. Note 1.19.2 explains the points at which provisions for compulsory purchase of land and property are recognised. The first bullet point within Note 1.19.2 applies to the majority of National Highways provisions.

Other

These headings cover a range of smaller provisions, including:

- British Railways Board's (BRB) ex employees' pensions (31 March 2025: £3m; 31 March 2024: £4m) – reimbursement from the core Department to trustees of the British Transport Police Force Superannuation Fund in respect of unfunded proportions of pensions deriving from service with the BRB before 1 January 1975 (Part III, Transport Act 1980).
- Other material balances included under 'Other' include: £137m in respect of Network Rail, £48m in respect of National Highways, £8m in respect of British Transport Police and £86m in respect of High Speed 2. Those entities own accounts provide further details.

23. Contingent liabilities

Contingent liabilities may result in an obligation to transfer cash in the future depending on future developments outside the Group's control. They are not recognised in the Statement for Financial Position unless it becomes probable that the group will need to transfer cash. This Note discloses contingent liabilities for which the risk of crystallisation is higher than remote but not probable in accordance with IAS 37. Where these can be quantified, they are disclosed in the table below; where they cannot be quantified with any degree of accuracy, they are disclosed in the paragraphs after the table below. Amounts disclosed reflect the highest reasonable estimate of the possible liability. These are summarised by the nature and purpose of the contingent liability:

Quantifiable contingent liabilities disclosed under IAS 37

	31 March 2025 £m	31 March 2024 £m
Mersey Gateway Commitment by the Department to fund any shortfall of toll revenue from the Mersey Gateway Bridge to meet Halton Council's financial obligations under the Demand Management Participation Agreement.	1,070	1,134
HS2 – Undertakings and Assurances HS2 Ltd has given a number of undertakings and assurances where there is an uncertainty over whether a 'present obligation' (as defined by IAS37) exists at year end that could lead to expenditure by HS2 Ltd.	10	30
Legal claims From time to time, the Departmental Group experiences legal claims and challenges which it defends wherever appropriate. The change in exposure reflects changes in the volume and values of active cases during the year.	341	287
Guarantees to promote investment in railway assets Under the Railways Act 1993, the Transport Act 2000 and the Channel Tunnel Rail Link Act 1996, the Secretary of State has provided quantifiable (disclosed) and unquantifiable guarantees to promote investment in the rail sector.	52	59
HS2 protective provision arrangements As part of the normal course of business, indemnities have been given by HS2 Ltd and also by the core Department on behalf of HS2 Ltd to individuals and companies who could be impacted by the construction of HS2. A number of Protective Provision Agreements have been made with either special status or utility companies that include indemnities in relation to HS2 Ltd's work as Nominated Undertaker for constructing HS2. These agreements go no further than the provisions made in the Phase 1 Hybrid Act and the Phase 2A Hybrid Bill that provide for protection, repair, compensation and indemnification from third party claims. This includes some items that can be quantified (amounts disclosed) and others that cannot be meaningfully quantified.	191	191
Total	**1,664**	1,701

Unquantifiable contingent liabilities

The following guarantees, indemnities, statutory obligations and letters of comfort cannot be quantified with any degree of accuracy:

Statutory blight due to transport infrastructure projects

- In furtherance of transport infrastructure projects, the Secretary of State has incurred potential liabilities for statutory blight. This includes obligations in respect of Crossrail 2 and Heathrow expansion. Property owners within the affected areas may be eligible to serve a Blight Notice asking the Secretary of State to buy their property. As this is unquantifiable, it is presented as a contingent liability.

Potential compensation obligations in the HS1 Concession Agreement

- Under the HS1 Concession Agreement, the Secretary of State would be liable for compensation in the event of changes in law or other events equivalent to increases in operating costs or loss of revenues. It is considered impracticable to provide a reliable single-point estimate. However, the maximum potential exposure during the remaining term of the current Control Period is considered not to exceed £100m.

HS2 Ltd protective provision agreements

- As part of the normal course of business, indemnities have been given by HS2 Ltd and by the Department on behalf of HS2 Ltd to individuals and companies who could be impacted by the construction of HS2. A number of Protective Provision Agreements have been made with either special status or utility companies that include indemnities in relation to HS2 Ltd's work as Nominated Undertaker for constructing HS2. These agreements go no further than the provisions made in the Phase 1 Hybrid Act and the Phase 2A Hybrid Bill that provide for protection, repair, compensation and indemnification from third party claims. This includes some items that can be quantified (amounts disclosed above) and others that cannot be meaningfully quantified.

Other

- From time to time, the Departmental Group experiences legal claims and challenges which it defends wherever appropriate. The probability and potential exposure of each case is assessed against IAS 37, based on legal advice. Some claims may have a sufficiently broad range of potential outcomes as to be unquantifiable for practical purposes.
- The Department has a potential constructive obligation to cover the costs of managing the SS Richard Montgomery, which ran aground off Sheerness in 1944, with a cargo of munitions. The Department has funded the costs of marking, guarding, inspections and mitigation works, indicating that it would fund other works as required. The potential cost is considered to be unquantifiable.

The Core Department has provided the following guarantees and letters of comfort to and for other Group members:

- A guarantee of National Highways' obligations under its PFI contracts and to the Civil Service Pension Scheme;
- A letter of comfort to the British Transport Police to evidence its status as a going concern;

- Guarantees given between 1999 and 2002 to the holders of Government Guaranteed Bonds issued by LCR Finance plc. In 2009, the Department became the primary obligor to LCR Finance plc, but the guarantees remain;
- A parent company guarantee in respect of some of Network Rail's insurance arrangements.
- Members of the Network Rail Group have provided cross-guarantees in respect of other members' banking arrangements.

Note 22 discloses the ATTF's purpose in compensating customers of failed tour operators, the basis on which provisions are recognised and the movements on the provisions during the current and comparative year. This Note discloses the Department's approach to ensuring that the ATTF remains a going concern and that its operations continue to be ring-fenced. As the ATTF has received ATOL Protection Contributions ("APC") for holidays that have not completed, there is a risk of further calls on the ATTF if the operator were to fail before the holiday is complete. The amount of any provision would depend on the size of the operator and therefore cannot meaningfully be quantified. No provision is recognised in respect of potential operator failures. The Department considers that no obligation or risk exists in respect of holidays that have not been booked and for which, therefore, no APC has been received.

Annex D provides a reconciliation between contingent liabilities reported in the Supply Estimate and those reported in the Annual Report and Accounts – either as remote in the Parliamentary Accountability Disclosures or as higher than remote but not probable in Note 23.

24. Pension schemes

Past and present employees of the core Department and its agencies are generally covered by the provisions of the Principal Civil Service Pension Scheme. The Principal Civil Service Pension Scheme and defined contribution retirement benefit schemes are described in the People and Remuneration Report in the Accountability Report.

Overview of the schemes

This Note provides disclosures on the Departmental Group's obligations in respect of the defined benefit pension arrangements for which it is the designated employer.

The Department applies IAS 19 to all these schemes; consequently, the share of any deficits or recoverable surplus in the pension funds is recognised in the Statement of Financial Position.

Network Rail and the British Transport Police Authority are the designated employers for their own defined benefit pension schemes, and the Secretary of State for Transport acts as designated employer for the other four schemes listed below.

Key data

Scheme	Open/closed	Basis	Accrual Rate	Normal retirement age
Network Rail (RPS) (includes RPS 60 and RPS 65)*	Open to employees with five years' service (RPS 60 closed to new joiners from 1 July 2012).	Shared cost (employer's share: 60%) final salary based (subject to capping); linked to CPI.	1/60 (RPS 60 and RPS 65) average final pensionable salary minus 150% final basic state pension (RPS 60) or 75% final basic state pension.	Either 60 (for RPS 60) or 65 (for RPS 65) (reflected in contribution rate).
Network Rail (CARE)*	Open to all employees.	Shared cost (employer's share: 60%) career average revalued earnings, linked to RPI up to 31 March 2016 and CPI thereafter.	1/60 average pensionable salary.	65
1994 Section (RPS)	Closed to new members and accruals: members are those who were pensioners and preserved pensioners of BR at the time of privatisation.	Final salary-based, linked to CPI.	Not applicable, as scheme is closed to new accruals.	60
British Railways Superannuation Fund (BRSF)	Closed to new members and accruals.		Not applicable, as scheme is closed to new accruals.	60
British Railways Shared Cost Section (RPS)	Open to eligible members.	Shared cost (employer's share: 60%), final salary-based, linked to CPI.	1/60 final salary.	60
British Railways (1974) Pension Fund	Closed to new members and accruals.	Supplementary to other RPS schemes.	Not applicable, as scheme is closed to new accruals.	60

Key data

Scheme	Open/closed	Basis	Accrual Rate	Normal retirement age
British Transport Police Force Superannuation Fund (BTPFSF)*	Pre-2007 and 2007-2015 schemes: closed to new members. Post-2015 scheme: open to eligible members.	*Pre-2007 scheme: final salary-based. 2007-2015 scheme: final salary-based. Post-2015 scheme: career average revalued earnings, linked to CPI.*	Pre-2007 scheme: 1/45 less 1/30 the basic state pension. 2007-2015 scheme: 1/70 final salary. Post-2015 scheme: 1/55.3.	Pre-2007 scheme: 55. 2007-2015 scheme: 55 or 65 depending on circumstances. Post-2015 scheme: 60 or 65 depending on circumstances.
British Transport Police Section of the Railways Pension Scheme (RPS)*	Closed to new members, open to accruals.	Shared cost (employer's share: 60%), final salary-based, linked to CPI.	1/60 final average salary less 1/40 of the basic state pension.	60

*More details about these schemes can be found in the accounts of Network Rail and the British Transport Police.

Formal actuarial valuations

Scheme	Actuary	Effective date of funding valuation	Valuation report date	Effective date of next funding valuation
1994 Section	WTW & GAD	31-Dec-22	28-Mar-24	31-Dec-25
BR Shared Cost Section	WTW & GAD	31-Dec-22	26-Apr-24	31-Dec-25
British Railways Superannuation Fund	WTW & GAD	31-Dec-22	27-Mar-24	31-Dec-25
Network Rail schemes	WTW	31-Dec-22	26-Mar-24	31-Dec-25
British Transport Police Force Superannuation Fund	XPS	31-Dec-21	29-Mar-23	31-Dec-24
British Transport Police Railways Pension Scheme	WTW & XPS	31-Dec-22	28-Jun-24	31-Dec-25

GAD: Government Actuaries Department. WTW: Willis Towers Watson

All valuations were undertaken using the projected unit method.

The 2019 actuarial valuation of the BTP section of the RPS scheme reported a shortfall of £6.3m. BTP agreed to meet the shortfall through lump sum payments of £1.27m on or before each 1 July from 2021 to 2026 inclusive. Contribution rates increased to the future service joint contribution rate; with the share of this increase having been met by the Authority until 01 April 2022. All other material schemes within the Group were in surplus at the date of their most recent valuations and so no additional funding contributions were required.

In June 2023, the UK High Court ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The Court of Appeal upheld this ruling in August 2024. Based on the work performed to date, there is no adjustment included in the financial statements in relation to the court case. The group will keep this matter and any other cases in this area under review.

The net pension liability by scheme

The (deficit)/surplus comprises the following balances:

	2024-25		2023-24	
	Core Department & Agencies	**Departmental Group**	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
NR (RPS)		1,075		82
NR (CARE)		(152)		(222)
1994 Section	(461)	(461)	(473)	(473)
BR Shared Cost Section				
British Railways Superannuation Fund (BRSF)				
BR (1974) Pension Fund	(1)	(1)	(1)	(1)
BTP Force Superannuation Fund (BTPFSF)		114		(23)
BTP Section of the Railways Pension Scheme (RPS)		49		10
Total deficit at the end of the period	**(462)**	**624**	(474)	(627)

BR Shared Cost Section and British Railways Superannuation Fund reported a surplus of scheme assets over scheme liabilities at 31 March 2025 of £1m and £38m respectively. The Department assessed these balances against the requirements of IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction and determined that the surplus should not be recognises in the financial statements. Accordingly, an asset ceiling adjustment of these amounts is recognised in Other Comprehensive Income.

The weighted average scheme duration for each of the Group's material defined benefit schemes, is:

- 1994 Section: 8 years
- Network Rail schemes: 19 years
- British Transport Police Force Superannuation Fund: 20 years
- British Transport Police Railway Pensions Scheme: 29 years

Across the Group, expected employer contributions in 2025-26 are £165m.

Network Rail's RPS and CARE schemes, in addition to the BR Shared Cost Section, are shared cost in nature. The cost of benefits earned and of funding any shortfall in the schemes are normally split in the proportion 60:40 between the employer and the members. The surplus/(deficit) recognised in these statements is the proportion relating to the employer only. However, where IFRIC 14 requires the recognition of a surplus, Network Rail recognises 100% of this: this reflects the legal right to veto consumption of any scheme surpluses.

The RPS and the BTPFSF schemes both had a surplus in accordance with the interpretation IFRIC 14. IFRIC 14 states this can be recognised if the entity can realise it at some point during the life plan or when the plan liabilities are settled. BTP are recognising the surplus in full as gradual settlement can be controlled.

Reconciliation of net pension liability

	Core Department & Agencies Deficit	Departmental Group Asset	Departmental Group Liabilities	Departmental Group Deficit
	£m	£m	£m	£m
March 2023	(617)	9,243	(10,126)	(883)
Current service cost including members' share	(1)		(234)	(234)
Past service costs				
Interest on pension deficit	(28)	434	(471)	(37)
Administration expenses	(4)	(15)		(15)
Return on plan assets greater than the discount rate	123	218		218
Section amendment				
Actuarial gain/(loss) arising from changes in financial assumption	74	28	76	104
Actuarial gain/(loss) on defined benefit obligation due to demographic assumptions			56	56
Actuarial gain/(loss) arising from experience adjustments	(23)		(1)	(1)
Regular contributions by employer	2	165		165
Contributions by employees		18	(18)	
Benefits paid		(526)	526	
As at 31 March 2024	(474)	9,565	(10,192)	(627)
Current service cost including members' share	(1)		(245)	(245)
Past service costs				
Interest on pension deficit	(21)	455	(481)	(26)
Administration expenses	(4)	(15)		(15)
Return on plan assets greater than the discount rate	(94)	(468)		(468)
Section amendment				
Actuarial gain/(loss) arising from changes in financial assumption	127	395	1,435	1,830
Actuarial gain/(loss) on defined benefit obligation due to demographic assumptions			14	14
Actuarial gain/(loss) arising from experience adjustments	4		(3)	(3)
Regular contributions by employer	1	164		164
Contributions by employees		19	(19)	
Benefits paid		(561)	561	
As at 31 March 2025	**(462)**	**9,554**	**(8,930)**	**624**

The "return on plan assets" represents the interest and gains or losses generated by the assets that the scheme invests in.

Past service costs or credits arise when an employer undertakes to provide a different level of benefits than previously promised. Following the Lloyds judgement in October 2018, pension schemes are required to equalise in respect of Guaranteed Minimum Pensions (GMP) accrued after 17 May 1990. Analyses of the scheme memberships in the Group found that only a low number of members are within the scope of this initiative, therefore, the schemes initially made allowances of up to 1% of the total liabilities in 2018-19 for the cost of GMP equalisation, which were revised down to 0.4% in 2019-20; analysis of recent benefit payments including interest indicate that these allowances remain appropriate.

Net interest costs reflect the increase in the present value of the pension liability during the year because the benefits are one period closer to settlement. The financing cost is based on the discount rate (including inflation) at the start of the year and is calculated on the gross liability of unfunded schemes and the net liability of funded schemes. The expense from unwinding the discount rate is recognised against net expenditure.

The actuarial gain/loss arising from changes in financial assumptions recorded in the Scheme Assets column reflects the IFRIC 14 adjustment described earlier in this Note.

Analysis of scheme assets

The asset values disclosed reflect the Departmental Group's exposure to underlying asset classes through holdings of units of the pooled funds in which the underlying assets are held. Underlying assets are managed by the pension administrator, Railpen, and the control over economic benefits for Departmental entities is established through the unitisation of those funds. The table below illustrates the underlying assets proportional to the Departmental entities' unit holdings in various pooled funds, and their position in the fair value hierarchy as defined by IFRS 13 of the underlying assets.

Level 1 and 2 assets include diversified exchange-traded funds valued at open trading prices. Level 3 includes property, private equity and equity in non-exchange traded pooled investment vehicles, which are measured using valuation techniques that include inputs based on unobservable market data (unobservable inputs) and therefore are inherently more subjective than Level 1 and 2 assets.

				2024-25
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
1994 Scheme	1,009	469	196	1,674
BTPFSF and BTP RPS	902	231	738	1,871
Network Rail RPS	2,777	613	1,780	5,170
Network Rail CARE	29	137	10	176
Total	**4,717**	**1,450**	**2,724**	**8,891**
DfTc minor schemes				273
IFRIC 14 adjustment				390
Total pension assets				**9,554**

				2023-24
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
1994 Scheme	1,014	635	262	1,911
BTPFSF and BTP RPS	1,047	141	746	1,934
Network Rail RPS	3,003	424	1,836	5,263
Network Rail CARE	23	126	15	164
Total	**5,087**	**1,326**	**2,859**	**9,272**
DfTc minor schemes				304
IFRIC 14 adjustment				(11)
Total pension assets				**9,565**

Amounts charged to operating costs

	2024-25		2023–24	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£m	£m	£m	£m
Current service cost	1	240	1	234
Past service cost				
Net interest expense / (income)	21	24	28	39
Administrative costs and taxes	4	20	4	15
Contributions by employees				
Total	**26**	**284**	33	288
Of which:				
Employer contributions included in Note 3 'other pension costs'	1	164	2	165
Pension scheme costs per Note 3.6	25	121	30	122

The current service cost is the expected cost of benefits accrued in the year following the valuation date. This is calculated using the expected benefits accrued over the year, and considering the expected payments made in relation to this benefit. This takes account of any expected salary and pension increases. The cost is the amount needed at the valuation date, such that after receiving expected interest, the payments are covered.

Amounts recognised in other comprehensive expenditure

	2024-25		2023–24	
	Core Department & Agencies £m	**Departmental Group £m**	Core Department & Agencies £m	Departmental Group £m
Return on plan assets greater than discount rate	(94)	(468)	123	218
Actuarial gain / (loss) arising from changes in assumptions	127	1,843	74	160
Actuarial gain/ (loss) arising from experience adjustments	4	(3)	(23)	(1)
Total gain / (loss)	**37**	**1,372**	174	377

The key assumptions used in the calculation of the pension deficit are shown in the table below. The discount rate is based on market yields on high quality corporate bonds at the end of the reporting period. Inflation represents the projected increases to pensions in payment. At present, CPI is the government's inflation measure for increases under the Pension (Increase) 1971. CPI is calculated in reference to market rates. The net gain or loss in OCI is mainly driven by the balance of the movement in net discount rate assumption (net of CPI) and the return on assets in excess of the discount rate at the beginning of the year.

Principal actuarial assumptions at the reporting date (expressed as weighted average):

	NR (RPS)	**NR (CARE)**	**1994 Section**	**BTP Force Superannuation Fund (BTPFSF)**
2023-24				
Discount rate	4.80%	4.80%	4.95%	4 .85%
Future pension increases	2.90%	2.90%	2.75%	2.85%
Future prices increase (CPI unless otherwise stated)	2.90%	2.90%	2.75%	2.85%
Rate of increase in salaries	3.20%	3.20%	3.75%	2.85%
2024-25				
Discount rate	5.80%	5.80%	5.60%	5.75%
Future pension increases	3.10%	3.10%	2.75%	2.80%
Future prices increase (CPI unless otherwise stated)	2.80%	2.80%	2.75%	2.80%
Rate of increase in salaries	2.80%	2.80%	N/A	2.80%

The majority of the Group's pension obligations are linked to inflation, where higher inflation will lead to higher value being placed on the obligation. Some of the scheme assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), however an increase in inflation will generally increase the pension scheme deficit. On 4 September 2019, the Government and UK Statistics Authority (UKSA) published correspondence relating to the future of RPI. Following the consultation, in November 2020, UKSA noted their intention that from 2030 RPI will be aligned with CPIH. CPIH reflects CPI including owner occupiers' housing costs and Council Tax: it has historically been closely aligned with CPI. The implications of these developments during the current and prior years are reflected in the assessment of the most suitable CPI assumptions for each scheme at 31 March 2024 and 2025.

* The detailed arrangements for CPI/RPI indexation of this scheme are set out on page 320

	Average life expectancy on retirement			
	Members aged 45		Members aged 65	
Scheme	**Males**	**Females**	**Males**	**Females**
1994 Section	N/A	N/A	21.1	23.4
Network Rail (RPS and CARE)	22.3	24.6	20.7	22.8
BTPFSF	22.9	25.4	21.6	24.0

Mortality assumptions for the Group's pension estimates are provided by the Continuous Mortality Investigation (CMI). The latest CMI release is CMI 2023, which was published in April 2024. Actuarial calculations in these financial statements for 2024-25 are therefore based on CMI 2023. CMI 2024 is expected for publication in summer 2025.

Sensitivity Analysis

The table below shows the impact of changes to assumptions on the net deficit of schemes where economic and actuarial assumptions have a material impact on the financial statements. Increases to the deficit are presented as positive numbers. Decreases to the deficit are shown in brackets as negative numbers.

	31 March 2025			31 March 2024		
	NR (RPS & CARE) £m	**1994 Section** £m	**BTPFSF** £m	NR (RPS & CARE) £m	1994 Section £m	BTPFSF £m
Discount rate						
+0.25%	(302)	(40)	(53)	(228)	(45)	(67)
-0.25%	320	40	56	243	50	71
Life expectancy						
+1 year	235	90	39	214	100	50
-1 year	(242)	(90)	(40)	(226)	(100)	(52)
Earnings increase						
+0.25%	75	N/A	N/A	60	N/A	N/A
-0.25%	(73)	N/A	N/A	(58)	N/A	N/A
Price inflation						
+0.25%	226	35	52	241	40	64
-0.25%	(206)	(35)	(46)	(227)	(40)	(61)
+0.50%	453	135	104	314	155	131
-0.50%	(413)	(130)	(95)	(287)	(150)	(118)

Risk analysis

Defined benefit scheme liabilities expose the Departmental Group to material financial uncertainty, arising from factors such as changes in life expectancy and in the amount of pensions payable. Some scheme investments, such as equities, should offer long-term growth, but are typically more volatile in the shorter term than government bonds.

The cost of financing defined benefit pension deficits is borne by a number of parties. For shared cost schemes, such as the RPS shared cost sections, any increase in contributions will be met in part by the employees and this element of the deficit is not recorded as a liability on the balance sheet. In the case of the employer's contributions to both the NR and BTP schemes, any deficits will be met by increased contributions by all of the employer participants in the schemes. Shared cost arrangements result in a restriction of net deficit recognition to the employer's share, unless there is a pattern of evidence of the employer accepting responsibility, on a discretionary basis, for deficits arising beyond their nominal share.

Potential obligation to Merchant Navy Officers' Pension Fund

As participating employers in the MNOPF the GLAs are liable for any deficit contributions should the fund not be able to meet its future liabilities. The GLAs have paid the deficit contributions which were due for payment on 30 June 2013 in respect of the 2012 valuation. Further actuarial valuations were carried out as at 31 March 2015, 31 March 2018, 31 March 2021 and 31 March 2024 which resulted in no further calls for deficit contributions. The 31 March 2024 actuarial report estimated a technical funding level of 99% and a deficit of £11m. As the deficit is considered to be small, the MNOPF trustees determined that, allowing for an investment outperformance compared to technical provision, no additional contributions would be required at this time. The next full valuation is due 31 March 2027.

25. Entities within and outside the departmental boundary

Within the Departmental Accounting boundary

The following entities were within the Departmental boundary during 2024-25 and are reported as part of the Department's financial statements. All these entities publish their own annual report and accounts.

Executive Agencies

Maritime and Coastguard Agency
Driver and Vehicle Licensing Agency
Vehicle Certification Agency
Driver and Vehicle Standards Agency
Active Travel England

Arm's Length Bodies (Executive Non-Departmental Public Bodies)

National Highways
Network Rail
British Transport Police Authority
East West Railway Company Limited
High Speed Two (HS2) Limited
The Commissioners of Irish Lights
The Commissioners of Northern Lighthouses
Trinity House Lighthouse Service
Transport Focus

Arm's Length Bodies (Other than Non-Departmental Public Bodies)

CTRL Section 1 Finance plc
LCR Finance plc
Air Safety Support International Limited
Air Travel Trust Fund
Train Fleet (2019) Limited

Not reported within the Departmental Accounting boundary

Financial information for the following entities can be obtained from their separately published annual reports and accounts.

Public Corporations

DfT Operator Limited
London North Eastern Railway Limited
Northern Trains Limited
SE Trains Limited
TransPennine Trains Limited

As described in Note 27 the remaining Train Operating Companies not controlled by DFTO were reclassified as Public Corporations with effect from 1 April 2020.

London and Continental Railways Limited (see Notes 12.2 and 26.1 for further information)
Crossrail International Limited
Civil Aviation Authority
Dover Harbour Board
Milford Haven Port Authority
Port of London Authority
Port of Tyne Authority
Shoreham Port Authority
Blyth Harbour Commissioners
Harwich Haven Commissioners
Poole Harbour Commissioners
Staithes Harbour Commissioners
Chichester Harbour Conservancy
Hope Cove Harbour Commissioners
Langstone Harbour Board
Littlehampton Harbour Board
River Yealm Harbour Commissioners
Sandwich Port and Haven Commissioners
Saundersfoot Harbour Commissioners

Non-Ministerial Department and Regulator

Office of Rail and Road

Other Entities and Reportable Activities

Network Rail Insurance Limited (Guernsey) (see Note 14.2 for further information)
Network Rail Consulting Limited (see Notes 12.5 and 26.3 for further information)
NATS Holdings Limited (see Note 14.1 for further information)
Marine and Aviation Insurance (War Risks) Fund
General Lighthouse Fund
VCA Southern Europe Srl.

26. Investments in controlled entities that are not consolidated

IFRS 10 requires the consolidation of all investees controlled by the entity. Control gives the entity the ability to deploy assets and liabilities and allocate financial risks and benefits between investees, to maximise the success of the Group as a whole. Consolidation ensures that the financial statements reflect this process transparently. Control is commonly evidenced by ownership of the majority of voting shares in the investee. However, for central government departments, consolidation boundaries are defined by ONS sector classifications, which are reflected in the Statutory Instrument that dictates which entities are consolidated. This departure from IFRSs 3 (Business Combinations) and 10 (Consolidated Financial Statements) is in accordance with the FReM; see Note 1.3 for more details.

In some cases, the Department holds controlling shareholdings in entities that are not consolidated in its financial statements, typically because the ONS has classified them to sectors other than central government. This Note provides a disclosure of these entities' strategic role, their financial performance and position, and their transactions with the consolidated group.

26.1 London & Continental Railways Limited (LCR Ltd)

Strategic role

LCR Ltd was established by a consortium of investors to deliver the Channel Tunnel Rail Link (HS1) project. It was brought into the public sector in 2009 because the Department had taken the majority of the project risk. The company now manages and develops properties with historic associations with the rail sector (HS1 and former British Rail sites) to maximise the commercial benefits to the taxpayer.

LCR Ltd's most significant assets are investments in property development partnerships, investment properties and cash realised from property sales. These in turn drive the most material components of its profits. The data below comes from the company's financial statements for the year ending 31 March 2025. These are prepared in accordance with IFRS, and all items are measured on the same basis as applied by the Department.

Financial performance and position

	2024-25	2023-24
	£m	£m
Joint ventures: Stratford City and Manchester Mayfield	5	5
Investment properties and PPE	142	152
Non-current receivables from related parties	24	23
Other non-current receivables – deferred tax	4	2
Current assets	79	90
Current liabilities	(21)	(26)
Non-current liabilities	(23)	(22)
Net assets	**210**	224
Revenue	23	21
Cost of sales	(19)	(20)
Administrative expenses	(7)	(8)
Gain/(loss) on revaluation of investment properties and joint venture loan note	(10)	(17)
Net finance income	1	2
Share of gains/(losses) of associates and joint venture	(1)	(1)
Profit/(loss) before tax	**(13)**	(23)
Tax	1	6
Profit/(loss) for the year and Total comprehensive income	**(12)**	(16)

The figures above are book values and will not agree to fair value figures included in other Notes to these financial statements.

Transactions with the consolidated group

During 2024-25 LCR Ltd paid a dividend of £1m to the Department (2023-24: £16m). There were no other material transactions with the group in 2024-25 and 2023-24. The company does not benefit from any guarantees from the Department, and there are no material financial commitments with the Department.

Carrying value of the Group's investment in LCR Ltd

The Group's investment in LCR Ltd is held at fair value (see Note 12.2), with a carrying value of £217m as at 31 March 2025 (2023-24: £232m).

26.2 DfT Operator Limited (DFTO)

Strategic role

DfT Operator Limited (DFTO) was set up by the Department to act as an immediate parent to publicly-owned companies in the rail sector. Its active subsidiaries during the year comprise LNER Ltd, TransPennine Trains Ltd, Northern Trains Ltd and SE Trains Limited. Network Rail is one of DFTO's main industry stakeholders and transactions between Network Rail and DFTO are at arm's length. Although DFTO namely transacts with Network Rail, it also transacts with the wider Rail group. DfT Operator Limited (DFTO) also acts as a parent to Train Fleet (2019) Ltd, however Train Fleet (2019) Ltd is consolidated in these financial statements and is therefore not reflected in the valuation of the investment in Note 12. DFTO performs an oversight role for these companies, making investments of debt and equity in them and thus setting performance criteria for them.

Financial performance and position

The following analysis and disclosure reflects DFTO's consolidated accounts, which also include Train Fleet (2019) Ltd. These are prepared in accordance with International Financial Reporting Standards (IFRS) and therefore all material items are measured on the same basis as applied by the Department.

	2024-25	2023-24
	£m	£m
Non-current assets	1,035	757
Current trade and other receivables	440	422
Cash and cash equivalents	415	350
Other current assets	15	15
Current trade and other payables	(1,129)	(1,073)
Non-current liabilities	(601)	(314)
Net assets	**175**	157
Revenue	3,911	3,529
Other operating costs	(3,845)	(3,476)
Net finance income/(charge)	(39)	(24)
Profit before tax	**27**	29
Tax	(8)	(7)
Profit for the year	**19**	22

Material amounts of revenue were amounts receivable from the Department. Subsidies paid by the Department were £1,341m (2023-24: £1,272m).

The amounts related to Trainfleet (2019) Limited in the table above were immaterial to the group position.

Transactions with the consolidated group

During the year, the Department had the following balances and transactions with members of the DFTO group:

- The Department paid subsidies to LNER Ltd, TransPennine Trains Ltd, Northern Trains Ltd and SE Trains Ltd, as disclosed in Note 27.
- Network Rail is one of DFTO's main industry stakeholders and transactions between Network Rail and DFTO are at arm's length. Although DFTO namely transacts with Network Rail, it also transacts with the wider Rail group.

Carrying value of the Group's investment in DFTO

The Group's investment in DFTO is held at fair value (see Note 12.3), with a carrying value of £172m as at 31 March 2025 (2023-24: £149m).

26.3 Network Rail Consulting Limited

Strategic role

Network Rail Consulting Limited was established as an international rail consultancy in 2012, to provide specialist consulting services to the global market. It offers impartial expertise in running and developing a rail infrastructure business. Network Rail Consulting shares Network Rail's expertise with the world's rail owners and operators, and has significant operations in Australia, North America, and the Middle East.

Financial performance and position

The following analysis and disclosure reflects Network Rail International Limited's not yet audited consolidated accounts, which also include Network Rail Consulting Pty Ltd – Australia, Network Rail Consulting Inc. – USA and Network Rail Consulting (Canada) Inc. – Canada. Network Rail Consulting Limited's final accounts for the year will be published and filed at Companies House in late 2025. These are prepared in accordance with IFRS, and all items are measured on the same basis as applied by the Department.

	2024-25	2023-24*
	£m	£m
Non-current assets	1	1
Current trade and other receivables	20	30
Cash and cash equivalents	11	2
Current borrowings from parent organisations	(8)	(4)
Current lease liabilities	(1)	(1)
Current corporation tax		
Current trade and other payables	(16)	(19)
Non-current liabilities		
Net assets	**7**	9
Revenue	51	35
Net operating costs	(47)	(33)
Finance costs		
Profit before tax	**4**	2
Tax		
Profit for the year	**4**	2

* The 2023-24 balances have been restated from draft accounts to report to the final accounts of Network Rail International Limited.

Transactions with the consolidated group

Carrying value of the Group's investment in Network Rail Consulting Limited

The Group's investment in Network Rail Consulting Limited is held at fair value (see Note 12.5), with a carrying value of £30m as at 31 March 2025 (2023-24: £23m).

26.4 Joint ventures

Network Rail has joint control over several entities, including the Station Office Network and West Hampstead Square. Network Rail's investment in these entities does not give rise to material financial risk to the group.

No other investees give rise to material financial risks or benefits to the group as a whole.

27. Entities controlled but not consolidated: Train Operating Companies for which no investment is recognised in the Statement of Financial Position

Train operating companies

On 31 July 2020, the Office for National Statistics (ONS) reclassified the twelve train operating companies which were contracted to the Department under franchise agreements. They were reclassified to the public sector as Public Corporations, with effect from 1 April 2020. This reflected ONS' view that the revised contracts, introduced in response to the pandemic, gave the Department control over the companies, as defined under the ESA 10 National Accounts framework. In particular, the ONS noted that the contracts constrained the TOCs' ability to raise funds, set ticket prices and workforce levels, and concluded that almost all of the financial risks were borne by government. The Department evaluated the contracts against the criteria set out in IFRS 10, and similarly concluded that it had obtained control for accounting purposes over those companies. The Department had not obtained legal control over these companies, and the legal arrangements for those companies remained unchanged. The Department has no other powers or basis for control over the companies, for example, it does not hold any equity instruments or other voting rights. Each of these companies is a special purpose vehicle owned by its respective owner group. While the contracts with train operating companies have been revised subsequently, as described in Note 1.22, the degree of control has not been reduced.

Ordinarily, an investor consolidates those investees that it controls. However, in accordance with the FReM, government departments consolidate only those bodies that have been classified to the central government sector and have been included on the Designation Order for the relevant year. As these companies have not been classified to the central government sector, they have not been consolidated in these accounts. As noted above, the Department does not hold any equity instruments in the companies; while the contracts expose the Department to the costs and revenues of the companies' operations, they do not give us a residual interest in the companies' net assets, such as a right to a distribution on liquidation. Accordingly, the Department does not recognise any investment in these entities in its Statement of Financial Position.

By contrast, the Department has an indirect 100% equity interest LNER, TransPennine Trains Ltd, SE Trains Ltd and Northern Trains Ltd (NTL), via its direct subsidiary, DfT Operator Ltd, and therefore has full rights to any dividends or capital appreciation. These companies are also classified as public corporations and therefore are not consolidated The Department's interest in the DfT Operator Ltd group is recorded as an investment asset measured at fair value.

Within these financial statements, the costs of subsidising passenger rail services have been recognised as expenditure, following the accounting policy disclosed in Note 1.22.

To meet the transparency requirements of IFRS 12, the Department presents the disclosures required for unconsolidated structured entities, which it considers to be the best fit for these circumstances.

Transactions and balances between the Department and the Train Operating Companies

The table below lists the privately-owned companies controlled through contracts, followed by the companies that the Department owns. We have included both types of company, given the similarity of the Department's financial risk exposure. We have not separated the amounts paid under the different types of contract for either 2024-25 or 2023-24, given the substantial degree of similarity between them.

Franchisee name	Core term dates (e.g. region, start to end dates)	Departmental expenditure on ERMA/NRC for 2024-25 (£m)	Department's prepayment/ accrual balance as at 31 March 2025 (£m)	Departmental expenditure on ERMA/NRC for 2023-24 (£m)	Department's prepayment/ accrual balance as at 31 March 2024 (£m)
The Chiltern Railway Company Limited	Chiltern: franchise (March 2002 – December 2021); National Rail Contract (December 2021 – April 2025)	40	(76)	35	(69)
XC Trains Limited	Cross Country: franchise (October 2016 – October 2020); National Rail Contract (October 2023 – October 2027)	48	(36)	79	(29)
Transport UK East Anglia Limited (formerly Abelio East Anglia Limited)	East Anglia: franchise (October 2016 – September 2021); National Rail Contract (September 2021 – September 2024)	(113)	(72)	(61)	(64)
Transport UK East Midlands Limited (formerly Abelio East Midlands Limited)	East Midlands: franchise (August 2019 – October 2022); National Rail Contract (October 2022 – October 2026)	88	(22)	87	(22)
Trenitalia c2c Limited	Essex Thameside: franchise (November 2014 – July 2021); National Rail Contract (July 2021 – July 2025)	63	(30)	66	(39)
First Greater Western Limited	Great Western: franchise (April 2006 – June 2022); National Rail Contract (June 2022 – June 2025)	413	(33)	319	(45)
London and South Eastern Railway Limited	South Eastern: franchise (October 2014 – October 2021)	(1)	(2)	(1)	(2)
First MTR South Western Trains Limited	South Western: franchise (August 2017 – May 2021); National Rail Contract (May 2021 – May 2025)	121	(73)	162	(101)
Govia Thameslink Railway Limited	Thameslink, Southern and Great Northern: franchise (September 2014 – April 2022); National Rail Contract (April 2022 – April 2025)	201	(104)	239	(152)
First TransPennine Express Limited	TransPennine Express: franchise (April 2016 – May 2023)	(1)	(1)	13	(8)
First Trenitalia West Coast Rail Limited	West Coast Partnership: franchise (December 2019 – March 2031; National Rail Contract (October 2023 – October 2026)	(122)	(57)	(21)	(34)

Franchisee name	Core term dates (e.g. region, start to end dates)	Departmental expenditure on ERMA/NRC for 2024-25 (£m)	Department's prepayment/ accrual balance as at 31 March 2025 (£m)	Departmental expenditure on ERMA/NRC for 2023-24 (£m)	Department's prepayment/ accrual balance as at 31 March 2024 (£m)
West Midlands Trains Limited	West Midlands: franchise (December 2017 – September 2021); National Rail Contract (September 2021 – September 2024)	289	(8)	257	
Sub-total, companies under ERMAs/EMAs		**1,026**	**(514)**	**1,174**	**(565)**
Northern Trains Limited	Northern: franchise (March 2020 – March 2027)	714	(12)	648	37
SE Trains Limited	South Eastern: franchise (October 2021 – October 2027)	419	32	415	57
LNER Limited	East Coast Mainline: franchise (June 2018 – June 2025)	91	30	25	30
Transpennine Trains Limited	TransPennine Express Railways 2023 OLR rail services contract (May 2023 – May 2027)	167	4	169	16
Grand total, ERMAs/EMAs and State-owned rail companies		**2,417**	**(460)**	**2,431**	**(425)**

Historic information on Train Operating Companies’ financial position and financial performance

The table on the next page provides relevant data from the TOCs’ most recent published, audited accounts. Most TOCs have not yet published their accounts for 2024-25, and some do not have a 31 March year-end for their own statutory accounts. As such, the period for which the most recent published accounts are available differs by TOC: details of the most recent relevant period and the financial year-end is included for each company in the table on the next page.

TOC employees are typically members of a section of the Railways Pension Scheme (RPS), which are defined benefit, shared-cost arrangements. Defined benefit arrangements are usually accounted for by recognising the net surplus/(deficit) on balance sheet and recognising the cost of the additional benefits earned during the year and net interest income/(expenditure) on the surplus/(deficit). Given the finite term of the TOC’s contract with the Department, they make a “franchise adjustment”, so that only the obligations pertaining to the contract term are recognised in the primary statements. The net surplus/(deficit) disclosed in the table on the next page reflects the employer’s 60% share of the full deficit, before the franchise adjustment, which reflects the basis set out in the trust deed on which a deficit/surplus is shared between the employer and the scheme members. The deficit is the amount calculated for accounting purposes rather than the funding valuation as assesses by the scheme’s trustee and actuary.

Company name	Reporting basis	Year ended	Net assets/ (liabilities) (£m)	Employer's share of pension scheme surplus/ (deficit) before franchising adjustment (£m)	Employer's share of pension scheme assets before franchising adjustment (£m)	Employer's share of pension scheme liabilities before franchising adjustment (£m)	Gross revenues: turnover and other operating income (£m)	Gross expenditures: cost of sales and other operating costs (£m)	Operating profits/ (losses) (£m)	Employer's share of pension scheme costs before franchising adjustment (current service cost, interest etc) (£m)
2024-25										
Current operators participating in National Rail Contracts and ERMAs										
The Chiltern Railway Company Limited	FRS 101	31-Mar-24	33	10	154	(144)	223	(219)	4	5
XC Trains Limited	FRS 101	31-Mar-24	28	22	354	(332)	590	(575)	15	15
Transport UK East Anglia Limited (formerly Abellio East Anglia Limited)	IFRS	31-Mar-24	19	28	377	(349)	716	(704)	12	8
Transport UK East Midlands Limited (formerly Abellio East Midlands Limited)	IFRS	31-Mar-24	8	9	302	(293)	500	(488)	12	11
Trenitalia c2c Limited	FRS 101	31-Mar-24	4	1	100	(99)	213	(209)	4	4
First Greater Western Limited	FRS 102	31-Mar-24	22	34	864	(830)	1,465	(1,439)	26	32
London and South Eastern Railway Limited	FRS 101	31-Mar-23	14							
First MTR South Western Trains Limited	FRS 102	31-Mar-24	18	26	782	(756)	1,108	(1,096)	12	29
Govia Thameslink Railway Limited	FRS 101	31-Mar-24	40	5	1,706	(1,701)	1,812	(1,775)	37	55
First TransPennine Express Limited	FRS 102	31-Mar-24	(20)				55	(52)	3	1
First Trenitalia West Coast Rail Limited	FRS 102	31-Mar-24	11	21	589	(568)	1,024	(1,013)	11	19
West Midlands Trains Limited	IFRS	31-Mar-24	3	29	441	(412)	651	(638)	13	15
			180	*185*	*5,669*	*(5,484)*	*8,357*	*(8,208)*	*149*	*194*

DFTO owned franchisees										
London North Eastern Railway Limited	*FRS 101*	*31-Mar-25*	*7*	*76*	*462*	*(386)*	*1,017*	*(977)*	*40*	12
TransPennine Trains Limited		31-Mar-25	*4*	*7*	*157*	*(150)*	*495*	*(491)*	*4*	12
SE Trains Limited	*FRS 101*	*31-Mar-25*	*26*	*103*	*664*	*(561)*	*1,268*	*(1,254)*	*14*	*19*
Northern Trains Limited	*FRS 101*	*31-Mar-25*	*54*	*125*	*879*	*(754)*	*1,168*	*(1,157)*	*11*	*29*
			91	***311***	***2,162***	***(1,851)***	***3,948***	***(3,879)***	***69***	***72***
Grand Total			***271***	***496***	***7,831***	***(7,335)***	***12,305***	***(12,087)***	***218***	***266***

* Statutory profits can, in part, be a function of technical accounting adjustments and therefore may not represent profits arising from fees payable by DfT under contractual agreements.

28. Related-party transactions

The DfT is a parent of the Executive Agencies listed at Note 25 and a sponsor of the non-departmental public bodies and other central government organisations listed there.

These bodies are regarded as related parties with which the Department has had various material transactions during the year. Ian King is a non-executive director of High Speed Two (HS2 Limited).

In addition, the DfT has had various material transactions with other public sector bodies. Most transactions have been with the Greater London Authority, Transport for London, HMRC, Transport Scotland and HM Treasury.

As disclosed in Note 25, the Department is the sponsor of various bodies that it is deemed to control which are classified as public corporations because they are market bodies, typically covering at least half of their costs through external revenues. The Department's material routine transactions with these bodies are disclosed in Notes 26 and 27. During the year, no Minister, board member, key manager or other related party has undertaken any material transactions with the DfT except for the item reported below.

Tony Poulter is a non-executive director of London & Continental Railways Limited, a company owned by the Department. Transactions between the Department and London & Continental Railways Limited are disclosed in Note 26.

29. Financial Risks

This Note describes the nature and extent of risks arising from financial instruments to which the Departmental Group was exposed during the period and at the end of the reporting period, and how those risks were managed. The specific financial risks borne by the Departmental Group are: Credit risk (described in Note 29.1); Liquidity risk (described in Note 29.2) and Market risk (including interest rate risk) (described in Note 29.3).

This table summarises the material sources of financial risk in the Group.

Entity	Funding mechanism	Risk	Downside Impact	Residual Risk
Core Department	Supply and cash drawn down from Consolidated Fund (voted by Parliament) with further access to the Contingencies Fund	Liquidity risk.	When entities experience any shortfall in income or financing, they need to consider reducing their costs where appropriate before seeking additional funding from the Exchequer; were such funding not available from Voted budgets, this could lead to an excess vote and receiving a qualified audit opinion over the Statement of Outturn against Parliamentary Supply.	Low
Network Rail, Vehicle Certification Authority, Driver and Vehicle Licensing Agency, Driver and Vehicle Standards Agency, British Transport Police Authority	Income from delivery of services, and grants from the core Department.	Liquidity risk; credit risk.		
Air Travel Trust Fund and the General Lighthouse Authorities	Taxation and levies	Liquidity risk		
Network Rail	Debt financing (from core Department and external lenders); use of derivatives for hedging.	Liquidity risk; credit risk; market risk on index-linked borrowings; market risk on ineffectual hedges; foreign exchange risk; counterparty risk.		
LCR Finance plc; CTRL Section 1 Finance plc.	Interest income from core Department to cover interest expenditure.	Liquidity risk; credit risk; market risk on index-linked borrowings.		

29.1 Credit risk

Credit risk arises from financial assets; specifically, the possibility that counterparties may fail to pay amounts owing to the Departmental Group.

The Departmental Group is exposed to credit risk through the loan balances disclosed in Note 11 and trade and other receivables disclosed in Note 16. Most of these balances are with other public sector bodies and the risk is considered to be low. None of the loans disclosed in Note 11 are past due and there has been no significant deterioration of credit quality. Consequently, no credit loss allowance or other adjustment is recognised in respect of these balances.

The Departmental Group is also exposed to credit risk through the derivative arrangements disclosed above in Note 13. These derivatives were acquired by Network Rail to manage interest rate risk, inflation risk and foreign exchange risk on their borrowings; they are discussed in more detail in Note 29.3. Network Rail may apply hedge accounting to these arrangements in its financial statements, where they are judged to be highly effective in accordance with IFRS 9. However, hedge accounting cannot be applied on consolidation to derivatives used to hedge loans from the Department, so they are held at fair value through profit or loss.

For Network Rail's derivatives, the credit risk with regard to all classes of derivative financial instruments entered into before 1 January 2013 is limited because Network Rail has arrangements in place which limit each bank to a threshold (based on credit ratings), which if breached requires the bank to post collateral in cash or eligible securities. The members of the banking group are required to post collateral on positive mark to market swaps above the threshold. In December 2012 the group entered into new collateral agreements in respect of derivative trades entered into after 1 January 2013. Under the terms of the new agreements Network Rail posts collateral on adverse net derivative positions with its counterparties. The new agreements do not contain a provision for thresholds; as such Network Rail or its counterparties are required to post collateral for the full fair value of net out of the money positions. At 31 March 2025 the fair value of collateral held was £0m (2023-24: £3m). The group is the beneficial owner of this collateral. The group is free to invest or otherwise utilise the collateral at its discretion, subject to acting within the authority sanctioned by the treasury committee. The balance of collateral posted by the group at 31 March 2025 was £45m (2023-24: £85m).

The group considers its maximum exposure to credit risk to be the sum of its financial assets, as set out in Notes 11 and 16.

29.2 Liquidity Risk

Liquidity risk is the possibility that the Departmental Group may be unable to meet its financial obligations to be settled with cash as they fall due. The Department is exposed to this risk through its trade and other payables balances, leases, borrowings and requirements to place collateral under derivative arrangements.

Many central government bodies hold relatively small cash balances compared to their forecast cash outflows, to maximise efficient cash management across government as a whole.

In accordance with normal government practice, most Group members do not hold commercial insurance, because it does not offer value for money, however, Network Rail and HS2 Ltd hold commercial insurance where it is legally required or to avoid taxpayer subsidy of costs that should be borne by the private sector. As the Department can draw down cash from the Consolidated Fund and Contingencies Fund, its liquidity risk is low. The table below outlines the extent to which this is true for other Group members: some are, under normal conditions, expected to be self-financing through income from third parties over the medium to longer-term; others will be funded from Supply or Grant in Aid on a routine basis.

Liquidity risk within Network Rail is managed on a standalone basis for historical reasons to ensure that the price of delivering the Railway Network is allocated in accordance with ORR expectations. Network Rail employs an appropriate liquidity risk management framework covering its short, medium and long-term funding and liquidity management requirements. Its treasury committee establishes policies and provides oversight designed to ensure liquidity is managed to meet Network Rail's needs, while reducing financial risks and prudently maximising interest receivable and minimising credit risk on surplus cash. Network Rail manages liquidity risk by maintaining sufficient cash and borrowing facilities to cover at least one year's working capital requirement by continuously monitoring forecast and actual cash flows.

As noted above, Network Rail is required to post collateral on adverse net derivative positions at the full fair value of net "out-of-the-money" positions. Collateral placed is disclosed in Note 16 and collateral held is disclosed in Note 18. As this leads to uncertainty in short-term cash requirements, the treasury function is managed at a departmental group level.

The following table details the Departmental Group's remaining contractual maturity for its financial liabilities. The values reflect the undiscounted cash flows of financial liabilities, based on the earliest date on which the Group can be required to pay and therefore differs from both the carrying value and the fair value. The table includes both interest and principal cash flows.

Group	Within one year £m	1–2 years £m	2–5 years £m	5+ years £m	Total £m
					31 March 2025
Non-derivative financial liabilities					
Bank loans and overdrafts	(8)	(8)	(25)	(759)	(800)
Bonds issued under the NR Debt Issuance Programme					
– Sterling denominated bonds	(102)	(102)	(307)	(2,659)	(3,170)
– Sterling denominated index-linked bonds	(893)	(351)	(8,087)	(21,085)	(30,416)
– Foreign currency denominated bonds	(2)	(49)			(51)
Bonds issued by LCR Finance plc and CTRL Section 1 Finance plc					
– Sterling denominated bonds	(145)	(145)	(1,645)	(3,143)	(5,078)
– Sterling denominated index-linked bonds	(25)	(26)	(77)	(1,446)	(1,574)
– Trade and other payables					
Derivative financial liabilities					
Net settled derivative contracts	(18)	(10)	(4)		(32)
Gross settled derivative contracts – receipts	29	28			57
Gross settled derivative contracts – payments	(35)	(33)			(68)
Total	**(1,199)**	**(696)**	**(10,145)**	**(29,092)**	**(41,132)**

Group	Within one year £m	1–2 years £m	2–5 years £m	5+ years £m	Total £m
					31 March 2024
Non-derivative financial liabilities					
Bank loans and overdrafts	(8)	(8)	(24)	(743)	(783)
Bonds issued under the NR Debt Issuance Programme					
– Sterling denominated bonds	(102)	(102)	(307)	(2,761)	(3,272)
– Sterling denominated index-linked bonds	(350)	(865)	(7,967)	(20,663)	(29,845)
– Foreign currency denominated bonds	(2)	(2)	(49)		(53)
Bonds issued by LCR Finance plc and CTRL Section 1 Finance plc					
– Sterling denominated bonds					
– Sterling denominated index-linked bonds	(147)	(145)	(1,659)	(3,274)	(5,225)
– Trade and other payables	(25)	(25)	(75)	(1,426)	(1,551)
Derivative financial liabilities					
Net settled derivative contracts	(45)	(19)	(14)		(78)
Gross settled derivative contracts – receipts	29	29	28		86
Gross settled derivative contracts – payments	(20)	(20)	(19)		(59)
Total	(670)	(1,157)	(10,086)	(28,867)	(40,780)

29.3 Market risk

29.3.1 Foreign exchange risk

The most material exposure to foreign exchange risk comes from Network Rail, through its investing, financing and operating activities. This risk is managed using forward exchange contracts and currency swaps to limit the effects of movements in exchange rates on foreign currency denominated liabilities.

As this risk arises from arrangements with external counterparties, the position remains hedged on consolidation. It is estimated that a general increase of up to ten percentage points in the value of any currency against sterling would have no material effect on Network Rail's profit before tax or equity, due to all currency positions being 100% hedged so no sensitivity analysis is produced.

In addition, HS2 Ltd commenced a programme of purchasing forward contracts during 2020-21 to manage foreign exchange risk in its supply chain. These do not qualify for hedge accounting.

29.3.2 Interest rate and inflation risk

Network Rail is exposed to changes in interest rates from funds borrowed at both fixed and floating interest rates. The hedging strategy approved by its treasury committee defines the appropriate mix between fixed and floating borrowings. Cross-currency and interest rate swap contracts are used to manage the fixed/floating ratio. On consolidation, debt issued by the Department is eliminated, producing a different fixed/floating ratio at Departmental Group level.

Network Rail has arranged or swapped debt with a carrying value of £2,034m (2023-24: £4,480) into fixed interest rates. Other borrowings were arranged at or swapped into floating rates, thus exposing the group to cash flow interest rate risk.

Network Rail and CTRL Section 1 Finance plc have some debt issuances that are index-linked, so are exposed to movements in inflation rates. Neither company enters into any derivative arrangements to hedge its exposure to inflation in relation to its index-linked debt.

In November 2020, HM Treasury and the UK Statistics Authority published their response to the "Consultation on the Reform to Retail Prices Index (RPI) Methodology", concluding that changes in the RPI should be calculated using the methods and data sources used to calculate the Consumer Prices Index including owner occupiers' housing costs (CPIH)) from 2030 onwards which should result in lower rates of change in the RPI. However, the transaction documents for index-linked debt instruments may include provisions that protect the anticipated investor returns.

Sensitivity analysis

This sensitivity analysis has been determined based on the exposure to interest rates and inflation for both derivative and non-derivative financial instruments at the reporting date. A one percentage point (pp) increase or decrease represents management's assessment of the reasonably possible changes in average interest rates and inflation.

A one pp decrease in the above rates would have an equal and opposite effect.

Interest rate sensitivities have been calculated by comparing the average rates of the derivative financial instruments to the market rate for similar instruments.

The impact of a change in GBP RPI has been calculated by applying a change of one pp to the RPI at the reporting date to the carrying value of the index linked bonds issued by both Network Rail and CTRL Section 1 Finance plc.

	31 March 2025	31 March 2024
	Impact on net expenditure £m	Impact on net expenditure £m
1pp increase in the interest rate	(26)	(59)
1pp increase in GBP RPI on index linked bonds	216	212

The impact of sensitivities on the Financial Guarantee contract held by the Core Department Core & Agencies only.

	31 March 2025	31 March 2024
	Impact on net expenditure £m	Impact on net expenditure £m
1pp increase in GBP RPI on index linked bonds- Impact on FIM	42	44

This balance is intragroup and therefore eliminates on consolidation with Network Rail. This is described in Note 1.15.

29.3.3 Other market risk

The Departmental Group has material investments in entities involved in the property sector. As discussed in Note 12, and particularly Note 12.2, the carrying amounts of these investments are based on expert valuations of their property assets, which will be influenced at least in part by changes in the performance of the UK property market. The level of estimation uncertainty in these valuations at 31 March 2024 and 31 March 2025 can be assessed from the disclosed valuation method discussed in Note 12.2 and the carrying values disclosed in Note 26.1.

29.3.4 Offsetting financial assets and liabilities

Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements. The balances have not been presented on a net basis in the financial statements.

	Gross amounts of financial assets	Gross amounts of recognised financial liabilities set off in the SoFP	Net amount of financial assets in the SoFP	Related amounts not set off in the SoFP Financial instruments	Cash collateral received	Net amount
	£m	£m	£m	£m	£m	£m
31 March 2025	22		22	(22)	7	7
31 March 2024	72		72	(71)	46	47

Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements. The balances have not been presented on a net basis in the financial statements.

	Gross amounts of financial liabilities	Gross amounts of recognised financial assets set off in the SoFP	Net amount of financial liabilities in the SoFP	Related amounts not set off in the SoFP Financial instruments	Cash collateral paid	Net amount
	£m	£m	£m	£m	£m	£m
31 March 2025	(64)		(64)	22	37	(5)
31 March 2024	(152)		(152)	71	36	(45)

Cash flow hedges

The significant majority of derivatives relate to forward-starting interest rate swaps which are designated by Network Rail as cash flow hedges, but not hedge accounted at Departmental Group level for the reasons described in Note 13. These will have matured by 2027.

Borrowings

Details of the group's undrawn committed facilities and types of debt instrument used can be found in Note 19.

30. Fair value disclosures

These financial statements include assets and liabilities which are measured at fair value, and others which are measured on an alternative basis, but whose fair value is disclosed to enable the reader to assess historic and future financial performance of the entity and its management.

This Note summarises the fair values disclosed or recognised in these financial statements, their classification in the fair value hierarchy, providing comparability with carrying values where these are measured on a different basis. Since the Group's bonds and notes are traded with varying frequency, valuations are derived with reference to both directly observed activity on the instruments themselves and to observations of frequently traded reference gilts which have similar characteristics, resulting in a level 2 valuation. A review of the categorisation of financial instruments into the three levels is made at each reporting date. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements in the current or prior years.

Note a: These instruments are designated as fair value through profit and loss upon initial recognition.

Note b: These instruments either meet the IFRS 9 definition of held for trading or are designated and effective hedging instruments. The fair values are disaggregated in Note 13.

							31 March 2025
		Recognised at Basis	**Carrying Amount**	**Fair Value Total**	**Level 1**	**Level 2**	**Level 3**
Group	Note		£m	£m	£m	£m	£m
Assets							
Property, plant and equipment	5	Fair value	684,446	684,446			684,446
Investment properties	8	Fair value	195	195			195
Intangible assets	6	Fair value	630	630			630
Financial assets							
Loans and non-current receivables	11,16	Amortised cost	2,383	2,383		2,383	
Investments in equities	12	Fair value	465	465			465
Derivatives (note b)	13	Fair value	22	22		22	
Financial liabilities							
Borrowings	19	Amortised cost	(33,402)	(31,882)		(31,882)	
Borrowings (note a)	19	Fair value	(47)	(47)		(47)	
Derivatives (note b)	13	Fair value	(67)	(67)		(67)	

							31 March 2024
		Recognised at Basis	Carrying Amount	Fair Value Total	Level 1	Level 2	Level 3
	Note		£m	£m	£m	£m	£m
Assets							
Property, plant and equipment	5	Fair value	667,235	667,235			667,235
Investment properties	8	Fair value	227	227			227
Intangible assets	6	Fair value	363	363			363
Financial assets							
Loans and non-current receivables	11,16	Amortised cost	2,549	2,549		2,549	
Investments in equities	12	Fair value	452	452			452
Derivatives (note b)	13	Fair value	72	72		72	
Financial liabilities							
Borrowings	19	Amortised cost	(32,447)	(33,753)		(33,753)	
Borrowings (note a)	19	Fair value	(47)	(47)		(47)	
Derivatives (note b)	13	Fair value	(153)	(153)		(153)	

31. Events after the reporting period

Post-Balance Sheet Events

On 1 April 2025 the shareholding in LCR Ltd was transferred from the Secretary of State to Network Rail Infrastructure Ltd at its carrying value, as a capital grant in kind.

On 25 May 2025 South Western Railway transferred to public ownership and is being managed by DFTO.

On the 20 July 2025 Trenitalia c2c Limited transferred to public ownership and is being managed by DFTO.

Following the June 2025 Spending Review, the government took the decision to cancel two of National Highways' planned schemes: the A12 to A120 widening scheme and the A47 Wansford to Sutton dualling scheme. This has been treated as a post-balance sheet event under IAS 10. As the announcements occurred after the reporting period and the conditions leading to cancellation did not exist at the balance sheet date, the event is classified as non-adjusting. National Highways expects to recognise a write-off of approximately £250 million in the 2025-26 financial statements in relation to capital costs incurred on these schemes up to the end of 2024-25.

Authorised for issue

These financial statements are laid before the Houses of Parliament by HM Treasury. The Accounting Officer has authorised these financial statements to be issued on the same day as the Comptroller and Auditor General signs the audit certificate.

Annex A: Glossary of financial terms (not subject to audit)

Accounting Officer		A person appointed by HM Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is, by convention, usually the head of a department or other organisation, or the Chief Executive of a non-departmental public body.
Administration budget		A Treasury budgetary control that forms part of the resource Departmental Expenditure Limit. It is normally spent on the running costs of the Department and its agencies, including back-office staff, accommodation and ICT.
Annually Managed Expenditure	AME	A Treasury budgetary control. AME is spending included in Total Managed Expenditure, which does not fall within Departmental Expenditure Limits (DEL). Expenditure in AME is generally less predictable and controllable than expenditure in DEL.
Arm's length body	ALB	An NDPB, company in which the department has a significant shareholding, or other sponsored body.
Budgetary controls		The means by which government plans and controls expenditure to meet its objectives.
Capital		Capital is for spending on assets and investment. By having a separate total for Capital DEL, funding for capital investment is both protected and controlled.
Consolidated Fund		The Government's current account, operated by HM Treasury, through which pass most government payments and receipts.
Consolidated Fund Extra Receipt	CFER	Income, or related cash, received by a department that it is not authorised to retain, and which are surrendered/paid over to the Consolidated Fund.
Departmental Expenditure Limit	DEL	A Treasury budgetary control. DEL spending forms part of Total Managed Expenditure and includes that expenditure which is generally within the departments control and can be managed with fixed multi-year limits. Some elements may be largely demand led.
Departmental Group		Departments are required to prepare consolidated financial statements that incorporate the results of all of the bodies that form the group. Details of these entities that form the group are in Note 25.

Estimate		Supply Estimates are the means by which Parliament gives approval to (and grants resources for) Departmental Spending Plans. The amount approved by Parliament is often termed the Vote. The resources granted in the Vote are specifically for the set of Departmental operations covered under the ambits. The Vote also includes the Net Cash Requirement. Budgets may be amended via the Supplementary Estimate. This allows the Department to make various changes, including: taking account of new internal allocations; increasing or decreasing the net cash requirement; and Reserve claims to increase funding. Most departmental net spending needs to be voted annually by Parliament but some spending has separate standing legislative authority and does not need to be voted; this is referred to as 'non-voted'.
Executive Agency		A body established to undertake the executive functions of government, as distinct from policy advice. They are within central government and can be departments in their own right or a part of a department.
Financial Reporting Manual	FReM	A technical guide for producing the accounts of public bodies[8].
General Lighthouse Fund	GLF	The GLF was created by statute in 1898 to provide funding for the three General Lighthouse Authorities (GLAs): Trinity House (TH), the Commissioners of Northern Lighthouses (known as the Northern Lighthouse Board or NLB) and the Commissioners of Irish Lights (known as Irish Lights or IL).
Government Actuaries Department	GAD	The Government department responsible for providing actuarial valuations and advice for public sector pension schemes; advice to the Government on occupational pension schemes, social security and on private pensions policy; and advice on insurance, contingent liabilities and on the pricing and management of risk.
Greater London Authority	GLA	The GLA is the devolved regional governance body of London with powers over transport, policing, economic development and fire and emergency planning. TfL reports to the GLA.
Grant		Payment made by a department, or other public body, to outside bodies to reimburse expenditure on agreed items or functions, and often paid only on statutory conditions being met. May be made for resource or for capital purposes.

8 https://www.gov.uk/government/collections/government-financial-reporting-manual-frem

Grant in Aid	GiA	Financing payment made by a department to an NDPB or other arm's length body.
Group		The Core department and those public bodies listed in Note 25 as within the Departmental Accounting boundary.
Hybrid Bills		These are public bills that have a significant impact on the private interests of a particular person, group or organisation. They are a hybrid of: public bills that involve the general interests of the people at large or of the whole community; and private bills that involve the private interests of a particular person, group or organisation.
Managing Public Money	MPM	A publication produced by HM Treasury which is concerned with regularity and propriety and sets out the main principles for dealing with resources used by public sector bodies[9].
National Audit Office	NAO	Office of the Comptroller and Auditor General, which audits accounts of government bodies and carries out value for money inspections within the bodies it audits[10].
National Loans Fund	NLF	The fund through which passes most of the government's borrowing transactions and some domestic lending transactions.
Net Cash Requirement	NCR	The limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to a department in support of expenditure in its Estimate. It is not ring-fenced between any of the other voted limits.
Non-Cash		Expenditure where there is no directly related cash transaction but which reflects resources used. Examples include depreciation and provisions.
Non-Departmental Public Body	NDPB	A body that has a role in the process of government but is not a government department or part of one (though NDPBs fall inside the budgetary, Estimates and accounting boundary of government departments). NDPB's operate, to a greater or lesser extent, at arm's length from Ministers.
Non-Voted		Spending which has separate legal authority from the Supply and Appropriation Act.
Public Corporation		Publicly controlled trading bodies with substantial financial day to day operating independence.
Programme budget/ expenditure		A form of resource expenditure which is normally spent on the delivery of the Department's frontline objectives, including funding for many agencies and arm's length bodies.

9 https://www.gov.uk/government/publications/managing-public-money
10 https://www.nao.org.uk/

Regularity		The principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and Managing Public Money.
Resource income or expenditure		Reflecting the consumption of resources (and the income so generated) in that year. Examples include, pay, current grants and depreciation.
Spending Review		A cross-government review of departmental aims and objectives and analysis of spending programmes. Results in the allocation of multi-year budgetary limits.
Supply		The funds paid to the Department by HM Treasury are known as Supply; the amount paid in the year is shown in the Statement of Changes in Taxpayers' Equity.
Total Managed Expenditure	TME	A measure defined by HM Treasury to cover all public expenditure.
Transport for London	TfL	Transport for London is a local government body responsible for the transport system in Greater London, England. TfL has responsibility for London's network of principal road routes, for various rail networks including the London Underground, London Overground, Docklands Light Railway and TfL Rail.
Trading Fund		Public sector organisation that has a financing framework allowing it to meet outgoings from commercial revenues.
Voted Budget		That which has been authorised by Parliament in response to Supply Estimates. See Estimates above.

Annex B: DfT's Financial Reporting Landscape

The Department's financial reporting landscape is summarised below. This comprises publications by key government authorities including: HM Treasury, Cabinet Office, National Audit Office and Parliament.

Category	Product	Description	Produced by	Link
Government financial reporting	Government Financial Reporting manual (FReM)	The government financial reporting manual is the technical accounting guide for the preparation of departmental financial statements.	HMT, June 2024	https://www.gov.uk/government/publications/government-financial-reporting-manual-2023-24
	The government's planning and performance framework	A description of how the government sets priorities, plans activity, allocates money and monitors progress and performance using a collective set of processes.	HMT & CO, June 2021	https://www.gov.uk/government/publications/planning-and-performance-framework/the-governments-planning-and-performance-framework#Spending-reviews
Medium term Planning	Spending Review	The Treasury carries out Spending Reviews to determine how to spend public money – usually over a multiyear period – in line with the government's priorities.	HMT, June 2025	https://www.gov.uk/government/publications/spending-review-2025-document
	Department for Transport Outcome Delivery plan	The outcome delivery plan sets out the Department's priority outcomes and strategic enablers and how we will achieve them.	DfT, July 2021	https://www.gov.uk/government/publications/department-for-transport-outcome-delivery-plan
Annual Planning	Budget	The Budget is a statement the Chancellor of the Exchequer makes to the House of Commons on the nation's finances and the government's proposals for changes to taxation and spending. The Budget also includes forecasts for the economy by the Office for Budget Responsibility.	HMT, Oct 2024	https://www.gov.uk/government/publications/autumn-budget-2024
	OBR Reports	Economic & fiscal outlook: Five-year forecasts for the UK economy and public finances and an assessment of whether the Government is likely to achieve its fiscal targets. Fiscal sustainability report: Long-term projections of the UK public finances and public sector balance sheet analysis.	OBR	https://obr.uk/
	Estimates	Supply Estimates are the bi-annual process by which the Treasury presents the government's spending plans, based on departmental settlements allocated at the Spending Review, to Parliament for approval. This covers 'Main Estimates' and 'Supplementary Estimates'.	HMT, May 2025 for 2025-2026 HMT, Feb 2025 for 2024-25	https://www.gov.uk/government/collections/hmt-main-estimates https://www.gov.uk/government/collections/hmt-supplementary-estimates

Category	Product	Description	Produced by	Link
	Estimates Memorandum	Government departments are required to produce an Estimates Memorandum for the relevant select committee to explain what is proposed in their Main Estimate and how proposals compare to past spending plans.	DfT, June 2025	https://committees.parliament.uk/committee/153/transport-committee/publications/10/estimate-memoranda/
	Parliamentary Scrutiny Unit Visualisations	The visualisations show spending trends, changes since last year and how current plans for 2022-23 compared to original proposals in previous Spending Reviews, together with some context. Also, an interactive spending chart showing all government spend.	PSU	https://www.parliament.uk/mps-lords-and-offices/offices/commons/scrutinyunit/reports-and-publications/
	Accounting Officer System Statements	Accounting Officer System Statements set out to Parliament all of the accountability relationships and processes within a department.	HMT, Mar 2022	https://www.gov.uk/government/collections/accounting-officer-system-statements
	Government Transparency Data	Wide range of transparency data published by individual departments including Central government spending over £25k, contracts over £10k and Gender Pay Gap information. Cabinet Office also produce cross-government data on Civil Service sickness and absence data, Ministers' interest declarations, Ministers' salary data, Senior civil servants' names, grades, job titles and annual pay rates, Special advisers' names, grades and annual pay. GOV.UK registers provide structured datasets of government information.	DfT + CO	https://www.gov.uk/search/advanced?group=transparency&topic=%2Ftransport https://www.gov.uk/government/collections/dft-spending-over-500 https://www.gov.uk/government/publications/dft-gender-pay-gap-report-and-data-2022/dft-gender-pay-gap-report-and-data-2022 https://www.gov.uk/government/collections/dft-ministerial-gifts-hospitality-travel-and-meetings https://www.gov.uk/government/collections/dft-workforce-management-information
In-year Reporting	OSCAR data	The dataset provides quarterly updates to monthly outturn data. The outturn information is taken from OSCAR data submitted by departments. The public will be able to see monthly patterns in spend by organisations reporting data on OSCAR. At the same time, users will be able to drill down beneath previously released high-level aggregates.	DfT via HMT	https://www.gov.uk/government/collections/hmt-oscar-publishing-from-the-database
	Public Sector Finances Bulletin	The public sector finances statistical bulletin is published jointly by the Office for National Statistics and the Treasury on a monthly basis and provides the latest available estimates for key public sector finance statistics, such as public sector net borrowing, public sector net debt and public sector current budget deficit/surplus.	ONS + HMT	https://www.gov.uk/government/statistics/public-sector-finances-bulletin

Category	Product	Description	Produced by	Link
	Public Sector Spending Statistics	Treasury Public Spending Statistics provide a range of information about public spending, showing central government spending by department on a budgetary basis over 5 years, public sector spending by service over 5 years, and public sector spending by function and economic category over 21 years.	HMT	https://www.gov.uk/government/collections/national-statistics-release
Outturn Reporting	Public Expenditure Statistical Analyses	Public Expenditure Statistical Analyses is the yearly publication of information on government spending. It brings together recent outturn data, estimates for the latest year, and spending plans for the rest of the current spending review period. It also shows spending by region.	HMT	https://www.gov.uk/government/collections/public-expenditure-statistical-analyses-pesa
	ONS Civil Service Statistics	Employment statistics for the Civil Service population, providing regional analyses, diversity and earnings data.	ONS	https://www.gov.uk/government/collections/civil-service-statistics
	Infrastructure and Projects Authority Major Projects Report	The Infrastructure & Projects Authority Annual Report publishes the whole life cycle costs on projects in the Government Major Projects Portfolio which comprises the most complex and strategically significant projects and programmes across government.	Infrastructure & Projects Authority, July 2025	https://www.gov.uk/government/publications/infrastructure-and-projects-authority-annual-report-2023-24 https://www.gov.uk/government/publications/infrastructure-and-projects-authority-annual-report-2022
	Departmental statistics	National and official statistics relating to the department's policies and priorities.	DFT	https://www.gov.uk/government/organisations/department-for-transport/about/statistics
	National Audit Office Value for Money Studies	Each study examines a major area of government expenditure and forms a judgement on whether value for money has been achieved, which Parliament use to hold government to account for how it spends public money.	NAO	https://www.nao.org.uk/search/department/department-for-transport/
	National Audit Office Departmental Overview	Departmental Overviews focus on the Department's responsibilities and how it spends its money, key developments in its areas of work and findings from our recent reports.	NAO, Nov 2023	https://www.nao.org.uk/overviews/department-for-transport-2022-23/

Annex C: Expenditure Tables (not subject to audit)

These tables present actual expenditure by the Department for the years 2020-21 to 2024-25 and planned expenditure for 2025-26. The data is available in an Excel file, which can be found via the Department's Annual Report and Accounts web page.

Table 1 Total Departmental Spending – summarises expenditure on functions administered by the Department. Consumption of resources includes programme and administration costs. Total Departmental expenditure is analysed by Departmental Supply Estimates. Please note may not sum due to rounding.

All values in £k	2020-21 OUTTURN	2021-22 OUTTURN	2022-23 OUTTURN	2023-24 OUTTURN	**2024-25 OUTTURN**	2025-26 PLANS
Resource DEL						
A: Tolled Crossings	(77,560)	(106,774)	(102,636)	(98,908)	(94,981)	(110,462)
B: Local Authority Transport	519,395	460,517	334,257	382,152	329,902	406,059
C: National Highways (net)	2,291,640	2,393,290	2,562,801	3,472,871	3,284,951	3,983,233
D: Funding of Other ALBs (net)	15,619	(15,842)	(45,831)	(44,036)	(60,920)	(51,775)
E: Other railways	86,679	139,994	88,672	84,000	86,014	125,905
F: Sustainable Travel	183,175	145,603	144,700	166,405	156,916	177,253
G: Bus Subsidies & Concessionary Fares	1,531,819	755,085	751,840	957,433	1,067,930	765,796
H: GLA transport grants	2,459,882	1,719,404	445,417	184,823	1,035	500
I: Crossrail	(899)	(27,838)	(36,761)	(42,196)	(36,793)	(37,649)
J: Aviation, Maritime, Security and Safety	259,831	217,365	107,611	77,643	90,964	133,762
K: Maritime and Coastguard Agency	371,754	369,299	411,317	424,645	434,525	459,685
L: Motoring Agencies	193,380	29,338	35,859	50,601	78,988	114,978
M: Science, research and support functions	23,095	25,146	39,826	30,802	27,378	37,117
N: Central Administration	287,902	319,448	311,536	396,087	315,202	444,064
O: Support for Passenger Rail Services	8,459,067	4,509,724	2,958,646	2,502,923	2,437,487	2,093,709
P: High Speed Rail	67,167	(5,064)	26,621	25,248	80,072	28,317
Q: Transport Development Fund	300	47,577	64,953	10,583	85,737	81,714
R: High Speed Two Limited (net)	106,785	219,246	44,762	1,110,799	67,120	140,972
S: East West Rail Company Limited (net)	36,293	74,358	65,679	95,391	125,672	143,709
T: Network Rail (net)	6,841,392	7,299,722	8,667,512	9,783,866	10,231,379	11,423,297
U: Funding of Other ALBs (net)	14,144	14,488	9,656	17,634	19,519	29,711
Total Resource DEL	**23,670,860**	**18,584,065**	**16,886,436**	**19,588,765**	**18,728,096**	**20,389,895**
Of which:						
Staff costs (Note C)	2,625,484	3,058,554	2,987,353	3,292,109	3,375,439	4,284,338
Purchase of goods and services (Note C)	5,188,822	5,277,926	6,002,473	6,594,474	7,226,758	6,934,769
Income from sales of goods and services	(485,453)	(968,709)	(1,056,075)	(1,130,792)	(1,142,176)	(1,080,972)
Current grants to local government (net)	3,368,925	2,440,816	1,459,756	1,097,870	1,263,359	1,105,914

All values in £k	2020-21 OUTTURN	2021-22 OUTTURN	2022-23 OUTTURN	2023-24 OUTTURN	**2024-25 OUTTURN**	2025-26 PLANS
Current grants to persons and non-profit bodies (net)	83,827	55,231	38,571	22,098	30,945	100,702
Current grants abroad (net)	20,742	6,860	8,282	(25,789)	(2,324)	7,019
Subsidies to private sector companies	9,778,934	5,347,481	3,318,378	730,693	545,173	381,332
Subsidies to public corporations	60,344	406	(66,314)	2,432,558	2,280,565	1,958,000
Net public service pensions (Note B)	17,189	12,369	12,448	13,135	11,794	12,451
Rentals (Note C)	(112,845)	(196,658)	(235,312)	(260,318)	(282,021)	(292,793)
Depreciation (Notes A & C)	7,413,426	8,129,305	8,512,616	11,694,124	10,830,572	12,266,443
Change in pension scheme liabilities	203	212	233	233	257	285
Other resource	(4,288,707)	(4,579,728)	(4,096,052)	(4,871,630)	(5,413,127)	(5,287,593)
Take up of provisions	(31)		80		2,881	
Resource AME						
V: National Highways (net)	22,113	9,380	11,201	27,635	197	10,000
W: Network Rail (net)	1,234,751	3,136,601	3,123,570	2,443,198	1,910,634	3,306,797
X: Funding of Other ALBs (net)	29,808	87,277	101,780	16,341	18,156	111,809
Y: Other Railways	132,247	199,658	469,367	231,822	181,871	203,591
Z: Aviation, Maritime, Security and Safety	(1,726)	(1,421)	(1,066)	(711)	(592)	(408)
AA: Maritime and Coastguard Agency	613	1,212	(772)	(2,555)	(299)	
AB: Motoring Agencies	(1,569)	(5,476)	(4,070)	4,423	7,363	(1,034)
AC: Central Administration	21,705	17,888	22,588	28,913	22,278	96,000
AD: High Speed Rail	(1,188)	13	(105)	645		
AE: High Speed Two Limited (net)	2,906	4,264	(1,231)	33,642	3,155	(14,768)
AF: East West Rail Company Limited (net)	11			882	(465)	279
AG: Funding of ALBs (net)		4,874	4,859	(10,084)	(11,097)	(11,004)
Total Resource AME	**1,439,671**	**3,454,270**	**3,726,121**	**2,774,151**	**2,131,201**	**3,701,262**
Of which:						
Staff costs (Note C)				1,330	205	534
Purchase of goods and services (Note C)	793	1,327	(677)	(2,450)	(183)	102
Current grants to/from local government (net)						
Rentals (Note C)						
Depreciation (Notes A & C)	(147,582)	(11,861)	159,585	(51,466)	(28,110)	343,575
Take up of provisions	193,692	928,235	(726,883)	126,714	421,299	479,716
Release of provision	(23,323)	(40,873)	(5,877)	(56,287)	(31,604)	(27,228)
Change in pension scheme liabilities	250,554	374,204	414,746	76,217	226,106	332,809
Unwinding of the discount rate on pension scheme liabilities	44,004	84,030	130,857	18,663	10,862	15,000
Other resource	1,121,177	2,119,208	3,754,370	2,661,430	1,532,625	2,556,754
Total Resource Budget	**25,110,175**	**22,038,335**	**20,612,557**	**22,362,916**	**20,859,297**	**24,091,157**
Of which:						
Depreciation (Note A)	7,265,844	8,117,444	8,672,201	11,642,658	10,802,462	12,610,018

All values in £k	2020-21 OUTTURN	2021-22 OUTTURN	2022-23 OUTTURN	2023-24 OUTTURN	**2024-25 OUTTURN**	2025-26 PLANS
Capital DEL						
A: Tolled Crossings	255	459	121	721		
B: Local Authority Transport	2,411,593	1,810,158	1,353,206	1,770,231	1,712,774	2,451,483
C: National Highways (net)	3,295,075	3,184,289	3,208,655	3,446,436	3,662,363	3,404,000
D: Funding of Other ALBs (net)	119,368	36,397	29,321	14,463	59,684	20,500
E: Other railways	13,959	122,955	143,913	216,486	149,564	99,982
F: Sustainable Travel	711,455	788,934	498,237	408,734	486,661	627,718
G: Bus Subsidies & Concessionary Fares	81,535	238,829	166,812	262,122	235,699	388,375
H: GLA transport grants		3,211	509,531	818,039	82,059	485,000
I: Crossrail	722,349	477,987	122,673	(150,821)	(218,966)	(209,000)
J: Aviation, Maritime, Security and Safety	67,784	303,068	106,866	133,718	224,328	101,676
K: Maritime and Coastguard Agency	23,069	31,848	31,514	32,510	85,207	87,600
L: Motoring Agencies	214,495	99,529	56,521	62,801	67,889	67,200
M: Science, research and support functions	8,113	26,978	18,113	18,989	19,810	23,956
N: Central Administration	45,448	47,183	48,395	17,666	7,309	15,379
Departmental Unallocated Provision						
O: Support for Passenger Rail Services	84,686	296,649	171,400	110,502	104,484	134,135
High Speed Two						
P: High Speed Rail	264,619	251,947	174,765	403,043	92,391	337,800
Q: Transport Development Fund	436,070	849,338	1,074,142	1,185,101	1,169,632	974,131
R: High Speed Two Limited (net)	3,250,079	5,001,680	6,883,199	7,385,879	6,845,607	6,858,000
National Productivity Investment Fund						
S: East West Rail Company Limited (net)	1,640	315	121	3,901	1,166	250
T: Network Rail (net)	5,280,812	5,579,337	5,939,534	5,952,974	5,735,198	5,696,999
U: Funding of ALBs (net)	(2)		1,231	1,199	397	
Total Capital DEL	**17,032,402**	**19,151,091**	**20,538,270**	**22,094,694**	**20,523,256**	**21,565,184**
Of which:						
Purchase of goods and services	48,719	91,434	84,278	116,215	212,047	112,675
Current grants to persons and non-profit bodies (net)	13,618	18,546	19,513	32,653	21,370	15,430
Capital support for local government (net)	3,634,737	3,326,488	3,370,290	3,941,722	3,003,284	4,239,602
Capital grants to persons & non-profit bodies (net)	19,858	(20,685)	(43,896)	(3,172)	(32,175)	(1,330)
Capital grants to private sector companies (net)	265,235	600,911	98,094	82,725	140,002	157,169
Capital grants abroad (net)	(1,509)	(1,327)	(1,151)	(819)		
Capital support for public corporations	152,479	514,891	193,979	112,434	100,389	123,000
Purchase of assets (Note C)	13,065,557	14,784,415	16,997,788	17,931,084	17,227,201	16,986,573
Income from sales of assets	(4,747)	(12,197)	(9,074)	(3,543)	(6,579)	
Net lending to the private sector and abroad					2,632	
Other capital	(161,545)	(151,385)	(171,551)	(114,605)	(144,915)	(67,935)

All values in £k	2020-21 OUTTURN	2021-22 OUTTURN	2022-23 OUTTURN	2023-24 OUTTURN	**2024-25 OUTTURN**	2025-26 PLANS
Capital AME						
V: National Highways (net)	171,294	(156,443)	109,691	133,978	85,167	100,000
Network Rail (net)						
Funding of Other ALBs (net)						1,000
Y: Other Railways	(11)	(12)	(13)	(14)	(15)	
Z: Aviation, Maritime, Security and Safety	(20,000)	(11,667)	(23,333)		(11,667)	(11,667)
Central Administration						
High Speed Two						
AD: High Speed Rail	(99,331)	237,724	(232,832)	(261,193)	(171,265)	56,844
AE: High Speed Two Limited (net)	1,998	8,735	34,181	(968)	5,817	1,505
AF: East West Rail Company Limited (net)				2,475		916
Total Capital AME	**53,950**	**78,337**	**(112,306)**	**(125,722)**	**(91,963)**	**148,598**
Of which:						
Take up of provisions	1,998	8,735	34,181	24,391	2,830	
Release of provision	(322,633)	(307,152)	(226,262)	(468,769)	(145,872)	(391,978)
Capital support for local government (net)	394,596				(121)	
Purchase of assets (Note C)		388,433	103,121	318,670	59,893	540,576
Income from sales of assets						
Other capital	(20,011)	(11,679)	(23,346)	(14)	(8,693)	
Total Capital Budget	**17,086,352**	**19,229,428**	**20,425,964**	**21,968,972**	**20,431,293**	**21,713,782**
Total departmental spending (Note D)	**34,949,311**	**33,150,319**	**32,366,319**	**32,689,230**	**30,488,128**	**20,413,837**
Of which:						
Total DEL	33,308,453	29,605,851	28,912,089	29,989,335	39,251,352	41,955,079
Total AME	1,640,858	3,544,468	3,454,230	2,699,895	2,038,441	3,849,860

Notes:

A. Includes impairments and non-cash movement in derivatives.

B. Pension schemes reported under IAS 19 accounting requirements. These figures include cash payments made, as well as certain non-cash items.

C. Until 31 March 2019, the classification of Network Rail's spending was classified to AME. Since the start of Control Period 6 on 1 April 2019, most of Network Rail's spending has been classified as DEL.

D. Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Table 2 Administration Costs – provides a more detailed analysis of the administration costs of the Department. It retains the high level functional analysis used in table 1.

Please note that totals may not sum due to rounding.

All values in £k	2020-21 OUTTURN	2021-22 OUTTURN	2022-23 OUTTURN	2023-24 OUTTURN	**2024-25 OUTTURN**	2025-26 PLANS
Resource DEL						
National Highways (net)	43,002	45,292	44,948	45,028	44,743	45,000
Funding of Other ALBs (net)	1,018	996	1,221	1,290	1,301	1,281
Maritime and Coastguard Agency	6,857	7,463	7,704	8,081	8,776	8,656
Central Administration	241,459	273,354	280,766	305,880	313,649	325,794
High Speed Two Limited (net)	1,976	1,834	1,366	1,720	1,350	1,617
East West Rail Company Limited (net)	185	171	168	167	166	175
Funding of Other ALBs (net)	14	34	34	20	33	(166)
Total administration budget	**294,511**	**329,144**	**336,207**	**362,187**	**370,018**	**382,357**
Of which:						
Staff costs	184,746	197,063	204,934	229,021	235,234	270,959
Purchase of goods and services	107,143	122,204	124,330	124,955	133,337	105,450
Income from sales of goods and services	(15,362)	(11,537)	(12,964)	(13,743)	(23,542)	(20,063)
Subsidies to private sector companies						
Current grants to local government						
Rentals		80	76	85	107	118
Depreciation	13,425	15,767	16,849	17,344	20,654	24,223
Other resource	4,590	5,257	2,978	4,525	4,227	1,670
Take up of provisions	(31)		4			

Annex D: Reconciliation between contingent liabilities reported in the Supply Estimate and those reported in the Annual Report and Accounts (not subject to audit)

This table shows how contingent liabilities reported in the Supply Estimate reconcile with those reported in the Annual Report and Accounts. It covers both contingent liabilities which are classified as more than remote – disclosed in Note 23 of the Financial Statements under IAS 37, and those which are classified as remote – listed in the Parliamentary Accountability Disclosures section of the Annual Report and Accounts. It includes contingent liabilities, which are both quantifiable and non-quantifiable.

Quantifiable contingent liabilities								
Category in Estimates		***Remote***		***More than remote (Note 23)***		***Total***	***Difference***	***Explanation***
	£m	***Narrative***	*£m*	***Narrative***	*£m*	*£m*		
Statutory liabilities								
Channel Tunnel Act 1987, s 25, 26 and 29 : potential liabilities in the event of termination of Eurotunnel's concession.	100	Channel Tunnel Restoration	100			100		
Marine and Aviation Insurance Act 1952, s 1 : Government war risk reinsurance for British shipowners	Unquantifiable	Marine and Aviation Insurance Act 1952, s 1 : Government war risk reinsurance	Unquantifiable					
Railways Act 1993, s 29(5) : Liabilities in direct agreements with rolling stock companies re Environmental Deed of Indemnity	Unquantifiable	Indemnities entered into by the Office of Passenger Rail Franchising	Unquantifiable					

Quantifiable contingent liabilities

Category in Estimates		*Remote*		*More than remote (Note 23)*		*Total*	*Difference*	*Explanation*
	£m	*Narrative*	*£m*	*Narrative*	*£m*	*£m*		
Railways Act 1993, Transport Act 2000: Contingent liabilities arise from signing of new, replacement and extended passenger rail franchise and successor agreements, and other agreements to encourage railways investment, including investments in assets that will be leased to train operating companies. This includes new undertakings that cover the period after an individual National Rail Contract (NRC) has expired. Due to the NRCs' terms and conditions, the Department has narrowed the range of risks to which it is exposed, compared to the predecessor arrangements, so the likelihood of payment would be lower	1,721	Passenger Rail Franchise Agreements – Rolling Stock	1,565	Guarantees to promote investment in railway assets	52	1,720		Most of the guarantees and undertakings cover lease agreements, and the exposure reduces as the leases are repaid
		Passenger Rail Franchise Agreements – Legacy	103				1	
CTRL Act 1996. Undertaking under the HS1 concession agreement. The amount payable in the event of crystallisation would reflect the financial circumstances of the concession agreement and of its operator at that time, and will therefore fluctuate in line with market conditions	3,977	HS1 Concession Agreement - potential compensation on termination	3,811			3,811	166	The amount varies in line with HS1 Ltd's outstanding borrowings, including break costs
Town and Country Act 1990, The Department has issued a Safeguarding Order for the proposed route of HS2. This creates an obligation on the Department to purchase properties that have been blighted.	Unquantifiable			Statutory blight due to HS2	Unquantifiable			
Liabilities for statutory blight for the furtherance of transport infrastructure projects	Unquantifiable			Statutory blight due to transport infrastructure projects	Unquantifiable			
Legacy liabilities for railway structures sold by British Rail and transferred from British Railways Board (Residuary) Limited (BRBR) on its abolition	Unquantifiable	Statutory responsibility for legacy railway structures	Unquantifiable					

Quantifiable contingent liabilities								
Category in Estimates		***Remote***		***More than remote (Note 23)***		***Total***	***Difference***	***Explanation***
	£m	***Narrative***	*£m*	***Narrative***	*£m*	*£m*		
Non-statutory liabilities								
Reinstatement of International Maritime Organisation (IMO) building, and abatement of rent, if IMO building destroyed; and rehousing of IMO during rebuilding. The reinstatement cost has been updated based on a valuation commissioned during the year	136	Premises for the International Maritime Organization (IMO)	136			136		
Indemnities have been issued to non-executive members of the departmental board, and to civil servants appointed to represent the Department on the boards of other organisations, and to individuals in analogous roles	1	Non-executive member indemnities	2			2	(1)	
North Atlantic Treaty Organisation (NATO) agreement relating to the indemnification of civil aircraft in respect of their use on NATO tasks in times of crises and war	Unquantifiable	Indemnities within a NATO agreement	Unquantifiable					
Letters of comfort have been issued providing an indemnity in relation to legal action taken against the Judge, Counsel, solicitors and secretaries to the Thames Safety Inquiry (report published in year 2000) and the Victim Identification Inquiry (report published in year 2001) following major transport disasters. The amount has been updated to reflect a current estimate of the costs	10	Transport disaster indemnities	10			10		
Under the HS1 Concession agreement the Secretary of state may be liable for a number of quantifiable and unquantifiable payments. As the unquantifiable proportion is significant, the category is presented as unquantifiable	Unquantifiable			Potential compensation obligations in the HS1 Concession Agreement	Unquantifiable			

Quantifiable contingent liabilities

Category in Estimates		Remote		More than remote (Note 23)		Total	Difference	Explanation
	£m	Narrative	£m	Narrative	£m	£m		
In 2013 the Secretary of State agreed to quantifiable (disclosed) and unquantifiable assurances, warranties, indemnities and potential losses to external parties under the Thameslink Rolling Stock contracts with Siemens, Network Rail and Cross London Trains	620	Thameslink	607			607	13	Some of the undertakings cover lease agreements, and the exposure reduces as the leases are repaid
In 2012 the Secretary of State agreed to quantifiable (disclosed) and unquantifiable assurances, warranties, indemnities and potential losses to external parties under the Inter City Express Rolling Stock contracts with Agility Consortium and Network Rail.	5,900	Inter City Express Rolling Stock	5,900	Inter City Express Rolling Stock		5,900		
Commitment by the Department to fund any shortfall of toll revenue from the Mersey Gateway Bridge to meet Halton Borough Council's financial obligations under the Demand Management Participation Agreement. The financial exposure reduces as toll revenues are collected	1,134			Mersey Gateway Bridge	1,070	1,070	64	The disclosed amount reduces as tolls are collected and used to pay for the bridge, thus reducing the Department's exposure.
Cross-guarantees within NR Group – indemnities given by companies within the Network Rail Group to support entities that are not consolidated within the DfT resource accounts, to deliver value for money to the taxpayer.	178	Network Rail	153	Network Rail	0	153	25	The change in quantification results from variances in the balances covered, which will reflect developments in the underlying business or project.
Other contingent liabilities, including legal claims, comprising both quantifiable (disclosed) and unquantifiable amounts. This summarises more than thirty individual items. The change in amount reflects the expiry of some claims, and net reductions in the amount of others.	269	Other contingent liabilities, including legal claims.	13	Legal claims	341	354	85	This contingent liability covers a range of items and claims. Over time, the population, its probability and potential cost, will change, as individual items arise and lapse. The greater part of the variance reflects new claims received

Quantifiable contingent liabilities								
Category in Estimates		***Remote***		***More than remote (Note 23)***		***Total***	***Difference***	***Explanation***
	£m	***Narrative***	*£m*	***Narrative***	*£m*	*£m*		
National Highways (formerly Highways England) third party claims	17							
Indemnities to stakeholders relating to infrastructure works, comprising quantifiable (disclosed) and unquantifiable elements. This comprises existing indemnities that have now been classified separately due to materiality, and indemnities given since the Main Estimate	201			HS2 protective provision agreements	191	201	0	The variance between the Supplementary Estimate and the end of the financial year is immaterial
				HS2 – Undertakings and Assurances	10			
The Department has a potential constructive obligation to cover the costs of managing the SS Richard Montgomery, which ran aground off Sheerness in 1944, with a cargo of munitions. The Department has funded the costs of marking, guarding, inspections and mitigation works, indicating that it would fund other works as required. The potential cost is considered to be unquantifiable.	Unquantifiable	A potential constructive obligation regarding the SS Richard Montgomery	Unquantifiable					
The Department has accepted obligations to indemnify operators under the Space Industry Act 2018 (the 2018 Act) and Space Industry Regulations 2021 for losses occuring before the satellite reaches orbit. During 2022-23, one launch took place: Cosmic Girl, on 9 January 2023. There was no cost to the taxpayer under the indemnity. There have been no further launches to date.		The Department has accepted obligations to indemnify operators under the Space Industry Act 2018 (the 2018 Act) and Space Industry Regulations 2021	Unquantifiable			Unquantifiable		

Annex E: Information on Agencies and Arm's Length Bodies Spending and Performance (not subject to audit)

This table shows the Department's, Agencies and ALBs' contributions to the group financial performance, in accordance with PES [(2023) 01 issued on 16 January 2023].

Total operating income, total operating expenditure and net expenditure reported here will be inconsistent with the financial statements of individual Agencies and ALBs because:

- There are differences in the way the Department and the individual Agencies and ALBs present certain categories of income, expenditure, assets and liabilities. The Department has classified them on a consistent basis for the Departmental Group financial statements, which assists comparability here;
- There are differences in certain accounting policies adopted by the Department and the individual Agencies and ALBs. The Department has applied consistent policies to all entities in the Departmental Group financial statements;
- The values are after intra-group transactions and balances that are eliminated on consolidation; and
- There are immaterial audit adjustments for smaller entities whose accounts are audited after the Departmental Group financial statements are published.

This annex is not subject to audit.

				Permanently employed staff		Other staff	
	Total Operating Income	**Total Operating Expenditure**	**Net Expenditure (including financing)**	**Number of employees**	**Staff costs**	**Number of employees**	**Staff costs**
	£m	£m	£m	FTE	£m	FTE	£m
Department for Transport	(780)	9,412	8,502	3,778	310	22	5
Driver and Vehicle Licencing Agency	(662)	539	(123)	5,511	241	61	3
Maritime and Coastguard Agency	(35)	447	414	1,199	75	47	3
Vehicle Certification Agency	(20)	30	10	225	13	17	2
Driver and Vehicle Standards Agency	(421)	461	50	4,568	222	21	2
Network Rail	(4,864)	14,822	11,371	40,524	2,185	807	
National Highways	(56)	3,340	3,285	6,586	193	18	2
High Speed Two (HS2) Limited		64	67	1,937	13	106	1
British Transport Police	(268)	416	149	4,961	303	375	1
Trinity House Lighthouse Board	(54)	46	(8)	286	18	18	1
Northern Lighthouse Board	(28)	37	9	183	13	10	1
Commissioners of Irish Lights	(3)	3		110	1	13	
Train Fleet (2019) Limited		1	1				
Active Travel England		137	137	86	7	9	1
Transport Focus	(2)	8	7	42	3	1	
Air Safety Support International		4	4	21	2	1	
Air Travel Trust Fund	(79)	14	(76)				
CTRL Section 1 Finance plc			70				
LCR Finance plc			131				
East West Rail		122	123	220	21	16	4
TOTALS	**(7,272)**	**29,903**	**24,123**	**70,237**	**3,620**	**1,542**	**26**

Spending and Performance

The table below links the spending information in the tables above to the service and performance information in the performance report. Activities denoted by an asterisk are not referred to explicitly in the Performance Report.

Activity		Pages in the performance report
Central functions		
M	Science, research and support functions	21, 35, 90-91
N, AC	Central administration	19-33
Local		
A	Tolled Crossings	22
B	Local authority transport	21, 44, 46, 48, 50, 105
F	Sustainable travel	17-18, 21, 63-65, 91,106
G	Bus subsidies & Concessionary fares	21, 48-49, 86, 105-108
H	GLA transport grants	24
Q	Transport Development Fund	21, 107
Rail		
T, W	Network Rail	17, 21-29, 41-42, 66, 80-82
P, R, AD, AE	High Speed Two Ltd and High Speed Rail	17, 21, 40-42, 96
I	Crossrail	16, 29, 97
S, AF	East West Rail	16, 29, 97
O	Support for Passenger Rail services	21, 30-31
E, Y	Other Railways	21
Road		
C, V	National Highways	16, 21, 24, 26-18, 47, 53,62, 67-68, 88, 105
L, AB	Motoring agencies	16, 21, 94
Aviation, maritime, security and safety		
J, Z	Aviation, maritime, security and safety	9, 16, 18, 21, 39, 54, 56, 61, 64-65, 88-89, 92-95
K, AA	Maritime and coastguard agency	21, 106
Funding of other ALBs not referred to above		
D, E, U, X, AG	Funding of other ALBs	21

Annex F: Performance Report References

Page No.	Description	Source
9	Public Ownership Bill receiving Royal Assent	Public ownership: railway passenger services - GOV.UK
9	The Major Road Network (MRN) and Large Local Majors (LLM) Programme	Major Road Network and Large Local Majors Programmes: programme investment planning - GOV.UK
9	DfT committed over £1 billion to improve services across England	£1 billion government funding boost for bus services across England to help end postcode lottery - GOV.UK
17	£44.1 billion over five years in England and Wales continuing to sustain efficient operations,	Network rail shares new 44-billion pound five-year plan | RailTech.com
24	DfT provided a smaller grant to TFL which supported the procurement of additional rolling stock for the Elizabeth Line	https://content.tfl.gov.uk/tfl-mayors-budget-submission-2025-26.pdf
35	Places for Growth 2030 ambition	Places for Growth Relocations Data 2020-2023 - GOV.UK
37	National Infrastructure Commission's Second National Infrastructure Assessment	CD6.3.5 National Infrastructure Assessment (October 2023).pdf
38	DfT invested over £1 billion in funding to local highway authorities across England and improve road surface conditions.	Condition and maintenance of Local Roads in England
38	The Colne Valley viaduct becoming the UK's longest rail bridge	Colne Valley Viaduct - HS2
39	DfT – launching the Devolution Priority Programme with Ministry of Housing, Communities and Local Government (MHCLG)	Greater Essex devolution consultation - GOV.UK
39	Automated Vehicles Act creates regulatory environment that could unlock £42 billion in industry value and up to 38,000 skilled job	Self-driving vehicles set to be on roads by 2026 as Automated Vehicles Act becomes law - GOV.UK
41	Research from the February 2024 report: HS2 and the West Midlands' development boom	HS2 could boost West Midlands economy by £10bn - report - BBC News
46	Research from the March 2025 report: From trains to cranes: HS2 and the West London development boom	https://www.hs2.org.uk/about-us/documents/from-trains-to-cranes-hs2-and-the-west-london-development-boom/
44	Major Road Network (MRN)/Large Local Majors (LLM) Programmes-Seven schemes began construction during 2024/25	Major Road Network and Large Local Majors Programmes: programme investment planning - GOV.UK
51	London City Airport's expansion plans – from 6.5 to 9 million by 2031	London City Airport passenger cap to rise from 6.5 to 9m - BBC News
52	Gatwick estimates the airport could serve around 75 million passengers per annum by 2038, compared to 46.6 million in 2019	London Gatwick states case for fully utilising North Runway – Airport World
52	Luton Airport handling 32 million passengers per annum by the mid-2040s could support delivery of almost 11,000 new jobs.	UK Government Agrees To Weigh Up London Luton Airport's Growth Plans
53	National Highways had met its target of 96.2% of the pavements to be rated in 'good' condition.	Performance specification | Office of Rail and Road
61	Road transport accounts for 89% of domestic transport GHG emissions	Analysis: UK emissions in 2023 fell to lowest level since 1879 - Carbon Brief
61	Accelerating the transition to Electric Vehicles (EVs) and the roll out of charge points	Electric vehicles and infrastructure - House of Commons Library
61	Local Electric Vehicle Infrastructure (LEVI) Fund	Local Electric Vehicle Infrastructure (LEVI) funding allocation methodology - GOV.UK
63	Decarbonising the HGV sector-ZEHID programme, up to £200m.	Zero emission heavy goods vehicles and infrastructure - Innovate UK Business Connect

Page No.	Description	Source
63	DfT continued to support £30 million Live Labs 2 programme	Government invests in innovation with £30 million for cutting-edge highway decarbonisation projects - GOV.UK
64	DfT investing £63 million into the Advanced Fuels Fund	DfT share update on SAF plans amid rising EU aviation emissions - CILT(UK)
66	Secretary of State announced £450,000 in funding for support to developing countries on CORSIA	The Seventh Carbon Budget - Climate Change Committee
68	Air Quality-DfT is continuing to make progress in reducing air pollution, with the latest figures for 2023 showing reductions in transport's emissions	Domestic air pollution emissions from transport in 2023 - GOV.UK
70	Road Safety Strategy-KSI on our roads statistics In 2023	Reported road casualties in Great Britain, provisional estimates: 2024 - GOV.UK
87	British Transport Police (BTP) who are tackling VAWG on the rail network -sexual offences statstics	Sexual offences victim characteristics, England and Wales - Office for National Statistics
87	DfT announced a PAYG pilot in the West Midlands for 75 stations,	West Midlands takes major step towards Oyster-style smart travel card rail pilot scheme
106	Go-Ahead to Invest £500 Million in 1,200 Electric Buses	UK: Go-Ahead to Invest £500 Million in 1,200 Electric Buses | Bus-News
156	Data on responses to correspondence from MPs and Peers in 2024	Data on responses to correspondence from MPs and Peers in 2024 (1).docx

Glossary

Acronym	Full Name
AAIB	Air Accidents Investigation Branch
ACOBA	Advisory Committee on Business Appointments
AF	Alternative Fuel
AIB	Accident Investigation Branch
ALB	Arm's Length Body
AME	Annually Managed Expenditure
AO	Accounting Officer
AOA	Airport Operators Association
APC	ATOL Protection Contributions
AQA	Assessment and Qualifications Alliance
ATE	Active Travel England
ATOL	Air Travel Organiser's Licence
ATTF	Aviation Training and Technical Forum
AUC	Assets Under Construction
AV	Automated Vehicle
AWDL	Average Working Days Lost
AWE	Atomic Weapons Establishment
BAE	British Aerospace
BAR	Business Appointment Rules
BEIS	Department for Business, Energy and Industrial Strategy
BER	Business Energy Relief
BNG	Biodiversity Net Gain
BR	British Rail
BRB	British Railways Board
BRBR	British Railways Board Residuary
BRSF	British Railways Superannuation Fund
BTP	British Transport Police
BTP RPS	British Transport Police Railway Pension Scheme
BTPa	British Transport Police Authority
BTPFSF	British Transport Police Force Superannuation Fund
CAA	Civil Aviation Authority
CARE	Career Average Revalued Earnings
CBE	Commander of the Order of the British Empire
CDG	Corporate Delivery Group

Acronym	Full Name
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipts
CI	Crossrail International
CIPS	Chartered Institute of Procurement & Supply
CMDC	Clean Maritime Demonstration Competition
CMI	Chartered Management Institute
CNG	Compressed Natural Gas
CO	Cabinet Office
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CRSTS	City Region Sustainable Transport Settlements
DARe	Decarbonised, Adaptable and Resilient Transport Infrastructure
DBT	Department for Business and Trade
DfT	Department for Transport
DfTc	Department for Transport central
DPTAC	Disabled Persons Transport Advisory Committee
DRT	Demand Responsive Transport
DTS	Decarbonisation, Technology and Strategy
DVLA	Driver and Vehicle Licensing Agency
DVSA	Driver and Vehicle Standards Agency
ECA	Emission Control Area
ECDP	East Coast Digital Programme
EMR	East Midlands Railway
EV	Electric Vehicle
EWRco	East West Railway Company
ExCo	Executive Committee
FASI	Future Airspace Strategy Implementation
FOI	Freedom of Information
GARAC	Group Audit, Risk and Assurance Committee
GBR	Great British Railways
GCS	Government Car Service
GGC	Greening Government Commitments
GHG	Greenhouse Gas
GIAA	Government Internal Audit Agency
HGV	Heavy Goods Vehicle
HM	His Majesty’s

Acronym	Full Name
HMRC	His Majesty's Revenue and Customs
HS2	High Speed 2
ICAO	International Civil Aviation Organization
IMO	International Maritime Organization
IPDC	Investment Portfolio and Delivery Committee
ITC	Inland Transport Committee
ITF	International Transport Forum
ITSO	Integrated Transport Smartcard Organisation
LEVI	Local Electric Vehicle Infrastructure
LLM	Large Local Majors
LTAs	Local Transport Authorities
MCA	Maritime and Coastguard Agency
MEPC	Marine Environment Protection Committee
MHCLG	Ministry of Housing, Communities and Local Government
MRH	Midlands Rail Hub
MRN	Major Road Network
MRPG	Major Rail Projects Group
NAO	National Audit Office
NBFC	National Bus Fare Cap
NDPB	Non-Departmental Public Body
NEBM	Non-Executive Board Member
NH	National Highways
NHS	National Health Service
NMD	Non-Ministerial Department
NOX	Nitrogen Oxides
NPR	Northern Powerhouse Rail
NR	Network Rail
ODP	Outcome Delivery Plan
PAYG	Pay As You Go
PCSPS	Principal Civil Service Pension Scheme
PHSO	Parliamentary and Health Service Ombudsman
PTLG	Public Transport and Local Group
R&D	Research and Development
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
RMF	Rural Mobility Fund
ROSCO	Rolling Stock Company

Acronym	Full Name
RRSG	Rail Reform and Strategy Group
RSG	Rail Services Group
RSSB	Rail Safety and Standards Board
RTG	Road Transport Group
SAF	Sustainable Aviation Fuel
SR25	Spending Review 2025
SRN	Strategic Road Network
TCF	Transforming Cities Fund
TOC	Train Operating Company
TRIG	Transport Research and Innovation Grants
TRU	Transpennine Route Upgrade
UK SHORE	UK Shipping Office for Reducing Emissions
UKADS	UK Airspace Design Service
UNECE	United Nations Economic Commission for Europe
VAWG	Violence Against Women and Girls
VCA	Vehicle Certification Agency
WMR	West Midlands Railway
WMRE	West Midlands Rail Executive
WMT	West Midlands Trains
ZEB	Zero Emission Bus
ZEBRA	Zero Emission Bus Regional Areas
ZEHID	Zero Emission HGV and Infrastructure Demonstrator
ZEV	Zero Emission Vehicle

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