



Department
for Transport

DfT's Accounting Officer System Statement - 2025

December 2025

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Introduction and Scope

The Principal Accounting Officers (PAO) in government departments are accountable to Parliament for the proper stewardship of the resources allocated to their departments. Details of the requirement to ensure regularity and value for money are set out in the HM Treasury guidance on Managing Public Money. The Accounting Officer System Statements (AOSS) guidance sets out how central government departments should construct an Accounting Officer System Statement, including details of the accountability relationships and processes within their department. This should include relationships with Public Bodies (Public Bodies) and Arm's Length Bodies (ALBs) and third-party delivery partners.

The Department for Transport (DfT) has documented and published details of its local accountability systems since 2017.

The purpose of this AOSS is to provide Parliament with a single statement setting out all accountability relationships and processes within DfT and across the system for which the Department is responsible. It charts the accountability relationships in place now and for the future and is reviewed alongside the publication of the Annual Report and Accounts and updated as required.

The Departmental Group has policy responsibility for the rail network including the development of GBR, high speed rail, aviation, maritime, the road network, transport safety and security, transport decarbonisation, and local transport policy. The Secretary of State for Transport and other departmental ministers have a Parliamentary duty to account and be held to account for the policies, decisions, and actions of DfT and its partner organisations including DfT's executive agencies and other ALBs such as Network Rail (NR) and National Highways (NH). Ministers look to the PAO to delegate within DfT to deliver their decisions and to support them in making policy decisions and handling public funds.

Accounting Officer's System Statement

I am the PAO for the Department for Transport. This system statement has set out the accountability relationships and processes within the Department, making it clear who is accountable at all levels of the system.

As PAO, I am personally responsible for safeguarding the public funds for which I have been given charge under the DfT Memorandum of Supplementary Estimate. Where I have appointed additional Accounting Officers, their responsibilities are also set out in this system statement.

This system statement covers my central Department (DfTc), our Public Bodies and other arm's length relationships. It describes accountability for all expenditure of public money through the Department's Estimate, all public money raised as income, and the management of shareholdings, financial investments, and other publicly owned assets for which I am responsible. This system statement describes the system which I apply to fulfil my responsibilities as an accounting officer in accordance with HM Treasury (HMT) guidance set out in Managing Public Money, and ensure that spending is carried out with regularity, propriety and achieves value for money.

This system statement describes the accountability system which is in place at the date of this statement.



1st December 2025

Jo Shanmugalingam

Permanent Secretary and Principal Accounting Officer

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Governance

Overview

DfTc is organised into eight groups, with each group led by a Director General.

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

Group	Leads On
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).
Corporate Delivery Group (CDG)	Portfolio and Project Delivery. Shareholdings, Appointments and Inquiries Response. Corporate Finance and Property. Group Finance. Group Commercial. Group Human Resources. Transformation. Digital Information and Security. Group Communications.
Decarbonisation, Technology and Strategy (DTS) Group	UK, International and Trade. Analysis. Data Analysis. Strategy and Environment Science, Innovation and Technology Low Carbon Fuels.
Rail Services Group (RSG)	Rail Infrastructure Central, Southern, Environment and Digital. Rail Infrastructure North. Public Ownership Programme. Policy, Planning and Group Management. Regional Rail Services, South. Regional Rail Services, North.
Public Transport and Local Group (PTLG)	Local Passenger Transport and Inclusion. Local Transport Housing and Planning. Integrated National Transport Strategy. Regions and Cities Partnership and Delivery. Public Transport Strategy and Security.
Rail Reform and Strategy Group (RRSG)	Rail Change Portfolio. Passenger Policy and Projects. Rail Reform. Rail Strategy and Analysis. GBR Design Programme.
Major Rail Projects Group (MRPG)	Euston. Portfolio Management HS2. Northern Powerhouse Rail and Network Planning. Policy and Benefits.

Road Transport Group (RTG)	Special Projects. Logistics and Borders. Roads and Projects Infrastructure Delivery. Roads Strategy. Office for Zero Emissions. Future Transport Systems.
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DfT's Organisation Chart is also published on [GOV.UK](https://www.gov.uk).

Governance Framework and Compliance

DfT is governed by:

- The Secretary of State for Transport who has overall responsibility.
- The Permanent Secretary who is responsible both to the Secretary of State for Transport and directly to Parliament, as the PAO, 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, DfT's Public Bodies and ALBs. 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.

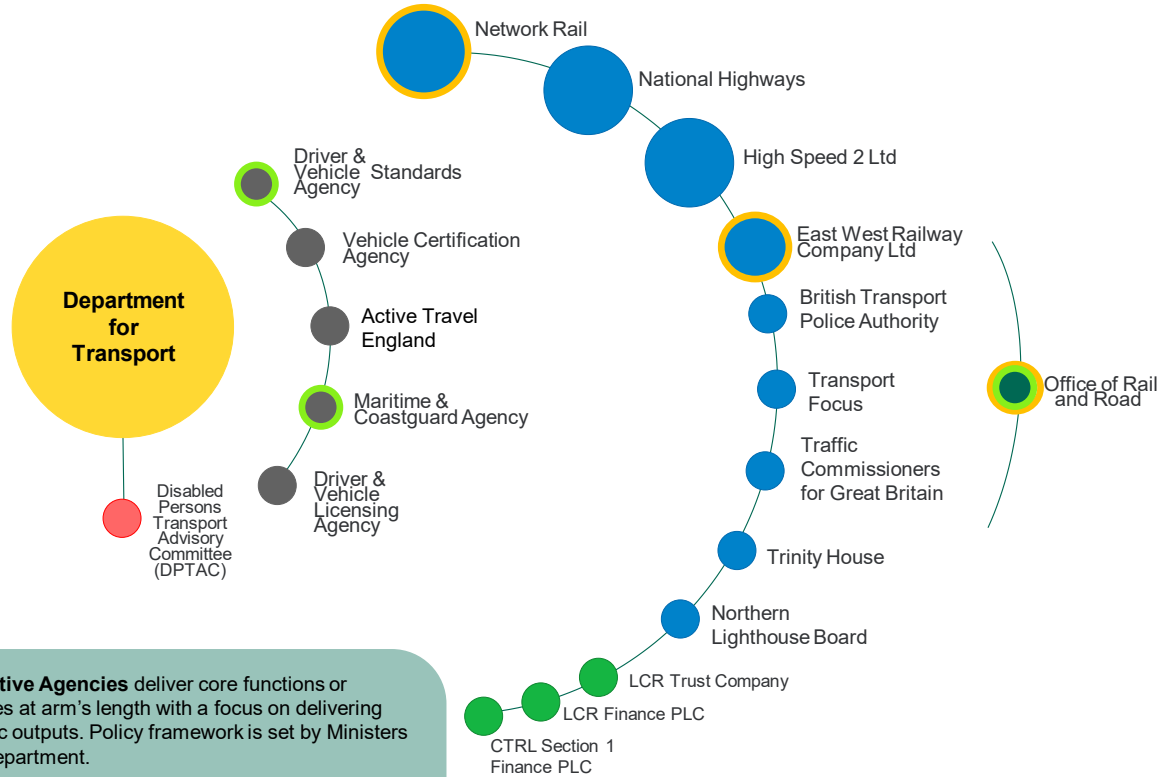
DfT's governance arrangements reflect best practice and the importance of giving Parliament confidence that DfT holds itself accountable and uses resources cost-effectively when delivering its Priority Outcomes.

Who?	What?
Parliament	<p>Checks and challenges the work of DfT through questioning ministers and senior civil servants.</p> <p>Parliament holds DfT to account by scrutinising its policies, decisions, and spending. It does this through questioning ministers and senior officials, debating transport issues, and conducting committee inquiries. Parliament also approves DfT's budgets via the Supply Estimates process, ensuring public funds are used lawfully and effectively.</p>
Secretary of State for Transport	<p>Appointed by the Prime Minister, has overall responsibility for DfT and its public bodies</p> <p>Makes policy decisions based on advice from officials</p> <p>Presents and accounts for policy publicly and in Parliament</p>
Permanent Secretary and Principal Accounting Officer	<p>Responsible for the effectiveness and efficiency of DfT.</p> <p>Work to support ministerial policies and objectives.</p> <p>Responsible for the DfT's leadership, management and staffing.</p> <p>The Permanent Secretary acts as the PAO and is responsible for the propriety and regularity of the DfT Group's expenditure.</p>
Department for Transport Board	<p>Consists of the Secretary of State for Transport, ministers, Non-Executive Board Members, the Permanent Secretary and Directors General.</p> <p>Responsible body that supports and challenges both DfT ministers and the PAO.</p> <p>Provides strategic focus by advising on the operational implications and effectiveness of policy proposals.</p>
Department for Transport Executive Team (ExCo)	<p>Consists of the Permanent Secretary, Directors General, Director of Group Human Resources, Director of Group Communications, Director of Strategy, Chief Scientific Adviser, Director of Legal and Chief Analyst.</p> <p>Supports the Permanent Secretary in the management of DfT business in-line with ministerial priorities.</p>
Internal and External Audit	<p>Review processes and procedures to help improve risk management, control and governance.</p> <p>Internal audit provides independent assurance to the Permanent Secretary and DfT Board.</p> <p>External audit: undertakes a statutory audit of DfT's consolidated Annual Report and Accounts.</p>

DfT's Solar System (Public Bodies, Arm's Length Bodies and Other Notable Organisations)

This diagram is accurate as of December 2025

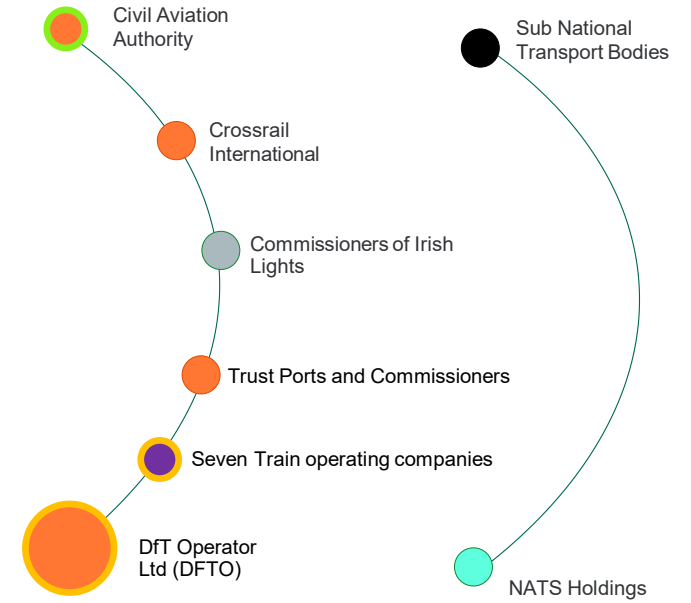
Central Government: Arm's Length Bodies



- **Executive Agencies** deliver core functions or services at arm's length with a focus on delivering specific outputs. Policy framework is set 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.

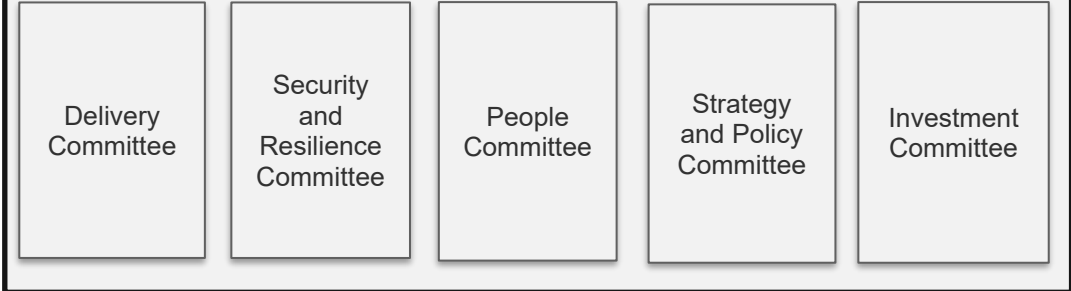
Executive Agencies	Non- Ministerial Departments	Expert Committees and Independent Units within the Dept.	Unclassified central government bodies	Legally private companies but classified as public corporations by ONS	Will form part of Rail Reform
Executive Non-Departmental Public Bodies	Public Corporations	Publicly funded regional bodies	Classified outside of central government	Public-private partnership	Has a regulatory function

Public Corporations and other notable organisations



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

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 DfT policies and delivery commitments and takes key management decisions across DfT.



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

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 DfT has the capability to deliver and plan the current and future needs for talented people in both DfT and its ALBs, as well as DfT and ALB non-executive appointments by ensuring appropriate succession planning is in place to meet the needs of DfT and ministers.

Commercial Regulation Reporting

DfT is required under the Public Procurement Act 2023 (PA23) regulations to publish the below commercial information:

- The DfT commercial contractual pipeline provides the potential commercial activities typically for the next 18 months to 5 years, between 2025 and 2030, with an anticipated procurement value of £2 million and above. This data is published quarterly, on behalf of DfT group on GOV.UK but excludes National Highways, Network Rail and HS2 which publish their own.
- Under PA23, DfT is also required to publish procurement notices for each procurement.
- DfT spend data over £25,000 which is published on GOV.UK, plus prompt payment/compliance data.

Planning and Performance

DfT has three Priority Outcomes to align with the Government's 'Plan for Change'. These Priority Outcomes are interconnected and attempt to articulate the broad range of outcomes that the Department is striving to deliver.

The three Priority Outcomes are:

- **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.
- **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.
- **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.

These outcomes are also supported by a new suite of performance metrics to measure progress in delivery. Departmental Priority Outcomes and metrics to measure progress are agreed between DfT and HMT during the Spending Review process.

Although plans were not published externally for 2025-26, DfT did produce internal delivery plans. The PAO is assured of delivery of these plans through internal reporting to the Executive Committee (ExCo), its sub committees and the DfT Board.

The Chancellors speech in November 2025 set out the commitment for all departments to publish outcomes that were funded at the Spending Review and strategic plans in April 2026.

ExCo is supported by five sub-committees:

- Strategy and Policy Committee - focusing on shaping strategic alignment of DfT Delivery Portfolio, including assessment of whether the portfolio is achieving against the Priority Outcomes.
- Investment Committee - focusing on investment decisions.
- Delivery Committee - focusing on enabling the performance and achievability, including risk management of the DfT Delivery Portfolio.
- People Committee.
- Security and Resilience Committee.

ExCo is also assured of governance through its sub-committees through monthly sub-committee reports. Similarly, DfT Board will be presented with a quarterly update which presents data on performance of delivery plans against DfT's Priority Outcomes.

DfT publishes an Annual Report and Account, detailing performance over each financial year, set against the Department's Priority Outcomes. This report is laid in Parliament and scrutinised in forums such as the Transport Select Committee and Public Accounts Committee.

In addition, the Department is introducing new governance processes to reflect increasingly devolved ways of working, as set out in the section on 'Empowering Local Leaders'. This includes moving towards an outcomes-focused approach to monitoring and delivery, with every Local Transport Authority held accountable through a new transport accountability system, including via Outcomes Frameworks that set the areas in which the department expects to see progress. Established Mayoral Strategic Authorities will work towards Integrated Settlement Outcomes Frameworks with common indicators but targets specific to their regions, and all other LTAs will work towards a common Local Transport Outcomes Framework.

Project Assurance

DfT's investment governance structure is based on a model of tiering projects and programmes. Tiering decisions are primarily based on the capital cost of the project or programme, with some additional considerations such as level of risk and nature of the scheme.

Tier 1 projects and programmes are the DfT's largest, highest risk, novel or contentious schemes. They must seek scrutiny and approval from DfT's Investment Committee and have appointment letters in place for the senior responsible owners (SRO). Those Tier 1 projects on the Government Major Projects Portfolio must undertake independent

assurance and report quarterly to the National Infrastructure and Service Transformation Authority (NISTA).

Tier 2 projects and programmes are approved by either group investment boards, usually chaired by directors general, or the relevant investment boards within delivery agencies.

As a part of DfT's Investment Approvals Framework and Integrated Assurance Strategy, DfT's Centres of Excellence (CoE) and for Commercial Assurance only Commercial Assurance Board (CAB), review and provide an independent layer of scrutiny on Tier 1 and 2 business cases that are submitted to DfT Investment Boards. Each CoE provides assurance for one of the five dimensions of a business case, as well as any specialist assurance that may be required (analytical assurance, legal, etc.). Scrutiny and approval processes for Tier 3 projects and programmes are determined by a local Tier 3 investment board, a project / programme board, or the delivery agency's own investment board, within the limits of delegated authority set by the appropriate accounting officer or director general.

Financial Management and Control

Overview

HMT issues delegations each year to DfT whilst retaining five strategic controls that override any delegated authority. Any spending proposal that falls within the remit of those controls must be submitted to HMT for approval. The strategic controls cover spending proposals including:

- Those that are identified within DfT as in development, as well as options where project or programme initiation is envisaged.
- Projects and programmes of DfT's executive agencies, non-departmental public bodies, or other sponsored bodies.
- Any new initiative which is likely to fall outside the relevant delegated authorities.
- Specific functional input or technical expertise (e.g. finance; digital; infrastructure; construction etc).
- Novel, contentious, or proposals expected to lead to a ministerial announcement.

As part of the delegation, DfT must also comply with Spending Review settlement requirements to report to HMT and Cabinet Office on a quarterly basis on progress against the departmental priority outcomes, metrics, and trajectories through the Outcome Delivery Plan (ODP) reporting process, using the latest data for agreed metrics.

Financial Control Framework

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 PAO formally delegates budgets to directors general, Agencies and ALBs. 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 ALBs. At year-end, actual spending is compared with the final budgets approved by Parliament in the statement of outturn against Parliamentary supply.

DfT provides assurance and confidence through looking at and assessing evidence for the outputs and outcomes that it is accountable for delivering. This assurance is essential in providing confidence to decision-makers, in particular to the PAO and the DfT Board on topics such as the management of risk and internal controls. This assurance helps to inform key decisions for the successful delivery of business objectives and to fulfil DfT's reporting obligations to Parliament and other key stakeholders.

The National Audit Office (NAO) has a statutory responsibility to audit the financial statements of central government departments, agencies and other ALBs, and for conducting value for money reviews into government programmes. External reviews are also conducted by parliamentary select committees and independent regulators after a project or event.

Counter Fraud

DfT is committed to tackling fraud and maintaining effective controls and processes. It operates a zero-tolerance policy towards fraud, bribery and corruption, with all reported instances fully investigated. Where appropriate, disciplinary and/or legal action is taken, in accordance with the Public Sector Fraud Authority (PSFA) guidance.

DfT works closely with GIAA to investigate cases and collaborates with PSFA and senior counter fraud managers from its Public Bodies to identify risks, share best practice and address detection activities. This work aligns with the objectives set in the Department's 2022-25 Group Counter Fraud Strategy.

Quarterly meetings with the Fraud, Error and Debt (FED) Group, made up of senior counter fraud managers and other representatives from DfT and its Public Bodies, have helped raise awareness of counter fraud activity across DfT Group and contributed significantly to meeting the Government's Counter Fraud Functional Standards.

Cases of fraud, bribery and corruption are reported externally to PSFA and internally to GARAC. Oversight of controls and counter fraud activities is provided by the Controls Network Group (CNG), which includes senior Subject Matter Experts from Group Finance, Commercial, Governance, HR, Digital and Internal Audit. CNG ensure robust controls and compliance with HMT, CO and internal controls. DfT also has a dedicated policy for raising concerns, which signposts staff to both formal and informal routes, and highlights the support available for those involved.

Risk Management

Risk management is an integral part of DfT's work, from policy development through to how programmes and money are managed. The Risk Management Policy outlines a no surprises, no blame culture and was updated in March 2024. DfT encourages well-managed risk taking and managers are expected to lead by example. A structured system of risk management throughout DfT's work feeds into regular monthly reporting of top risks to the ExCo and additional reporting to the Group Audit, Risk and Assurance Committee (GARAC), Executive and Non-Executive Meeting (ENEM) and DfT Board.

Ownership of the Department's Principal Risks and Group Risks lies with ExCo and DG Group Boards (noted on page 6) respectively (i.e., identification, evolution, and management). ExCo may then choose to devolve the management of Principal Risks to specific sub-committees. Those sub-committees and Group Boards support the second line of defence in risk management for the Department.

The Department also considers continuous ways to improve risk management and embed a strong risk culture throughout the Department. To this end, it plans and delivers an annually reviewed risk action plan, incorporating recommendations from GIAA risk audits and reviews. GIAA provides the third line of principal assurance. GARAC oversees the plans, work, and management actions taken to address GIAA findings. In addition, GARAC provides third-line oversight of the Department's second-line risk management processes but does not act as the second or third line directly. Principal risks are reported regularly to both GARAC and ExCo.

The work of DfT's Public Bodies carries element of risk, which the organisations will capture and manage through their corporate risk arrangements and within the projects and programmes they run. It is standard procedure within government, as part of any arrangements between parent bodies and public bodies, that top risks are shared with the parent department. In the Department this is done by following the DfT Risk Escalation Protocol. The Protocol is based on the three principles of Inform (escalating the body's top risks as a minimum); Warn (any risks that may affect DfT more than the body itself); and Consult (if the body needs to escalate the risk to DfT to help in its management). In some cases, management of risk will be beyond the full control of the public body and may need the engagement of the Department to support risk mitigation and/or contingencies.

Management Assurance

DfT carries out management assurance activities to evaluate how effectively processes, procedures, controls and compliance measures are being implemented across the Department, its public bodies and ALBs within its accounting boundary. DfT's management assurance framework approach follows a three-stage 'lines of defence' model:

First line of defence: Directors and CEOs from public bodies and ALBs provide assurance on the key control areas within their remit.

Second line of defence: Policy leads, and/or subject matter experts carry out independent assessments of these control areas.

Third line of defence: GIAA deliver audit opinions for specific audits and an overall independent audit opinion.

Where areas are rated below 'Substantial', Directors and CEOs are required to produce action plans. Findings from assurance activities are reviewed by CNG and reported to both ExCo and GARAC. For the reporting period 2024–2025, the overall assurance rating across the three lines of defence has been assessed as 'Moderate'. This includes the third line audit opinion issued by the GIAA for the Department, in line with its approved audit plan.

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 ExCo and GARAC with assurance on compliance with process and controls.

Relationships with Public Bodies and Arm's Length Bodies

Overview

This section sets out the relationship between the Department, its public bodies and ALBs, including how responsibilities are delegated to those organisations, the assurance the PAO receives that spending and performance is being monitored, and how public accountability is maintained.

DfT has a range of public bodies and ALBs that play a vital role in delivering key infrastructure improvement programmes and projects, regulatory oversight, licensing as well as core services to the public. These Public Bodies and ALBs operate with varying levels of autonomy according to their forms and functions. Many have separate boards and governance structures and publish their own annual reports.

Those bodies within DfT which are classified to the central government sector by the Office for National Statistics (ONS), are designated by HMT for consolidation into the Department's Annual Report and Accounts. The PAO has appointed accounting officers within these organisations to be accountable for the funds allocated to them, and responsible for regularity, propriety, and value for money. DfT's Estimate (the legal authority to consume resources and spend cash, to finance DfT agreed spending programme), names individual accounting officers.

Executive Agencies

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

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

The chief executive of each of these agencies is appointed as the accounting officer, ultimately responsible to me as the PAO. Sponsorship and finance business partner teams

in DfT monitor the performance and financial data respectively of these bodies and manage the day-to-day relationships.

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

MCA derives around 4% of its income from charges for its services, with the remaining 96% of funding allocated by the Department (DfTc) for services and activities that are not charged for (primarily Search and Rescue services provided by His Majesty's Coast Guard).

ATE is primarily funded by DfT, with only a limited proportion of its income derived from self-generated revenue such as fees or charges for specific services. In circumstances where these revenues do not fully cover operational costs, ATE receives additional financial support from the Exchequer. This funding structure ensures ATE can deliver its mandated services and meet statutory obligations without interruption.

Non-Departmental Public Bodies (NDPBs)

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

- Network Rail.
- National Highways.
- East West Railway Company Limited.
- British Transport Police Authority.
- Transport Focus.
- Northern Lighthouse Board.
- Trinity House (in its capacity as General Lighthouse Authority)
- Traffic Commissioners for Great Britain

- Commissioners of Irish Lights.
- High Speed Two (HS2) Limited.

Non-Ministerial Departments (NMDs)

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

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

Public Corporations

Public corporations are market bodies controlled by either central or local government. Market bodies are defined as entities that gain over 50 per cent of their income from purely commercial activities. As these organisations are largely self-funded, the expectations associated with vote-funded money do not apply here, for example, it is not normal practice for the PAO to delegate accounting officer responsibility to these organisations. Public corporations can take many forms ranging from charities, to regulating bodies and government-owned companies. Regardless of the form they take, public corporations sit outside of central government, and outside of a department's accounting boundary. Therefore, public corporations have substantial day to day operating independence from their parent department and should be seen as a separate institutional unit.

DfT has the following public corporations within its portfolio:

- DfT Operator Limited (DFTO) and its active subsidiaries:
 - c2c Railway Limited
 - GA Trains Limited
 - London North Eastern Railways Limited.
 - Northern Trains Limited.
 - South Western Railway Limited

- SE Trains Limited.
- TransPennine Trains Limited.
- Some entities within Network Rail Ltd group, including commercial facing businesses in land and property development (Platform4 Ltd) and international consulting (Network Rail International Limited and Network Rail Consulting Limited).
- Train Fleet (2019) Limited.
- Civil Aviation Authority (CAA).
- Crossrail International Limited.
- Trust Ports and Commissioners.

There are also various private sector train operating companies delivering rail passenger services under contracts with the Department, which are also public corporations, of which the following currently deliver rail passenger services:

- West Coast Trains Partnership Limited.
- Chiltern Railway Company Limited.
- XC Trains Limited.
- East Midlands Railway Limited.
- Govia Thameslink Railway Limited.
- First Greater Western Limited.
- West Midlands Trains Limited.

Investments and Companies

Overview

DfT owns in full or part several companies and assets, a selection of some of the more intricate structures are described in this section along with details about the PAO gains assurance for the regularity, propriety, and value for money of these investments.

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

Network Rail Ltd

Network Rail Ltd is the organisation responsible for the operation, maintenance, and enhancement of the railway infrastructure across Great Britain. Its principal subsidiary, Network Rail Infrastructure Limited (NRIL), delivers these core functions, which include the management of track, signalling systems, bridges, tunnels, and stations, ensuring the safe and reliable movement of passengers and freight.

In addition to its core infrastructure responsibilities, Network Rail Ltd oversees a number of subsidiaries that support ancillary and commercial activities. These include:

- Network Rail International Ltd, which through its regionally focussed subsidiaries structure largely classed as "Rest of the World" entities, provides consultancy services to overseas markets.
- London and Continental Railways (LCR) Ltd transferred shareholding from the Secretary of State for Transport to Network Rail Infrastructure Ltd (NRIL) on 1 April 2025 and, following the transfer of Network Rail's property team into LCR, the company was subsequently renamed Platform4 Ltd — the new property and development subsidiary within the Network Rail group. Platform4 Ltd brings together LCR's expertise in property development on surplus railway land with Network Rail's existing property capability, creating a single commercial development entity responsible for maximising value from rail-related land and regeneration opportunities.
- Other entities involved in insurance provision and the servicing of legacy debt, reflecting arrangements from the period when Network Rail was classified in the private sector.

Revenue generated from these commercial activities is reinvested to offset costs within the wider Network Rail group.

The relationship between DfT and Network Rail Ltd is governed by a framework document, which sets out the accountability and governance arrangements. The performance of Network Rail Infrastructure Ltd is subject to oversight by the Office of Rail and Road (ORR), as the independent regulator, and is monitored by DfT through the Department's Rail Groups.

DfT Operator (formerly DfT OLR Holdings)

DfT Operator Ltd (formerly DfT OLR Holdings Ltd) was established to be the parent of the operator of last resort companies, which delivered passenger rail services when no external operators could do so. Following the passing of the Passenger Railway Services (Public Ownership) Act in November 2024, the company's role has developed to be the parent of all publicly owned operators. The company currently has eight active subsidiaries, seven are train operating companies. These include long-standing subsidiaries London Northeastern Railway Ltd (LNER), Northern Trains Ltd (NTL), Southeastern Trains Ltd (SET) and TransPennine Trains Ltd (TPT).

On 25 May, 20 July and 12 October 2025, passenger services were transferred South Western Railway Limited, c2c Railway Limited and GA Trains Limited, respectively, and its companies started trading on those dates. The final subsidiary, Train Fleet (2019) Ltd, is a lessor of rolling stock. DfT Operator Ltd also has eight dormant subsidiaries, which will be activated to provide passenger rail services in other franchise areas as operations transfer into public ownership.

The relationship between DfT and DfT Operator Ltd is governed by a framework document, which sets out the accountability and governance arrangements. DfT Operator Ltd Board complies with the UK Corporate Governance Code and provides oversight of the company. The Board has a Secretary of State appointed Shareholder Director on it who acts as a bridge between the Department and the company. The performance of DfT Operator Ltd is monitored by DfT through its shareholder team and the Department's Rail Groups.

Trust Ports

Trust ports are independent statutory bodies, with responsibilities to manage, maintain and improve a harbour. They do not have shareholders and surpluses are reinvested into the harbour for the benefits of stakeholders, including harbour users, local community, and government. Trust ports are 'publicly accountable' to those stakeholders.

The largest trust ports are classified by the ONS as public corporations. Like most public corporations the trust ports are outside of DfT's accounting boundary, however any borrowing undertaken requires cover from the DfT's budget. This does not put constraints on departmental spending in practice.

DfT does not have any day-to-day involvement in the operation of trust ports, although the Secretary of State retains responsibility for appointing chairs and non-executive members to the boards of the five most significant trust ports.

NATS Holdings Ltd

NATS Holdings Ltd (NATS) operates air traffic management services in the UK and is classified to the private sector as most of its shares are owned by private sector organisations. HMG holds a 48.87% shareholding in NATS (plus golden share), the Airline Group (AG) holds 41.94% with the remaining shares held by NATS employees (5%) and LHR Airports Limited (4.19%). NATS also provides air traffic services and other related consultancy services to customers in the UK and overseas. NATS is accounted for as an associate as DfT holds minority voting rights in NATS.

NATS is run as a commercial operation for profit and is regulated by the CAA. NATS charges for air traffic control services on a regulated basis and earns non-regulated income in the UK and overseas. The CAA published its final determination of NATS' regulatory funding settlement for 2023-27 in October 2023.

Under the Strategic Partnership Agreement (SPA) which governs the Public Private Partnership, the Transport Secretary has the right to appoint three partnership directors to the NATS board, to approve the appointment of the chair and to provide shareholder consent under the SPA's reserved matters.

The PAO gains assurance over DfT's investment in NATS in the following ways:

NATS Board complies with the UK Corporate Governance Code and provides oversight of the company. The Board includes the three partnership directors appointed by the Transport Secretary to represent DfT's financial interests in NATS.

DfT officials meet with DfT's appointed partnership directors before each board meeting to discuss areas of major interest or concern. The partnership directors have a duty as per the SPA to inform DfT of any issue that could impact on the value of the DfT's investment. DfT officials receive relevant board papers prior to each meeting and meeting with the partnership directors.

NATS is not within the public-sector accounting perimeter and is not subject to departmental spending controls. Its accounts are audited by external independent accountants. Transport Secretary consent is required for NATS to appoint or change external independent auditors.

Other DfT Owned Companies

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

Dormant Companies

DfT owns numerous companies that are classed as dormant. In a few cases, these are companies that have achieved their objectives and are being prepared for closure. Some are retained to ensure the DfT has control over the name. Others are held in reserve to

perform a strategic role (such as operating a rail franchise, discussed under 'DfT Operator' section, above) and may be activated at short notice.

Train Operating Companies

Of the 14 train operating companies currently holding passenger service contracts, 7 are privately operated and 7 are publicly owned. The seven public sector operators; c2c Railway Limited, GA Trains Limited, London North Eastern Railway Limited, Northern Trains Limited, South Western Railway Limited, SE Trains Limited and TransPennine Trains Limited — are managed through DfT Operator Limited (DFTO), the Department's public-sector rail owning group. DFTO acts as a central governance and management vehicle for the Department's directly operated rail services, ensuring business independence while maintaining public accountability to the Secretary of State for Transport. The remaining operators; West Coast Partnership Limited, Chiltern Railway Company Limited, XC Trains Limited, East Midlands Railway Limited, Govia Thameslink Railway Limited, First Greater Western Limited and West Midlands Trains Limited are run under contract by private sector train operating companies.

The list of public corporations above includes 5 train operating companies, which the ONS reclassified to the public sector, due to the powers held by the Secretary of State for Transport under the Emergency Measures Agreements. These powers do not give DfT any rights to receive dividends or to benefit from a sale of the companies, and therefore DfT has no investment in the companies. There are also companies whose operations have transferred back to public ownership and are now dormant, but still have outstanding balances with the Department that will be settled in due course and are judged therefore to be still under contract with the Department.

Local Funding Arrangements

Overview

DfT is required to deliver grants in a way that demonstrates compliance with the Grants Functional Standards, provides value for money and ensure that appropriate controls and approvals are in place to protect the public money.

Information relating to the distribution of grant funding is detailed in the Department's Annual Reports and Accounts, available on GOV.UK. There are persons with seniority, skills and experience in posts for the key roles as set out in the Government Functional Standard GovS 015. These roles include the following:

- Senior officer accountable for grants.
- Accounting officer.
- Senior officer accountable for finance.
- Senior officer accountable for DfT grants.
- Senior officer responsible for a grant.
- Grants champion.
- Grant manager.

The Financial Control Team provides expert central support to grant makers across DfT, offering advice and guidance on effective grant management. The team recently led a comprehensive overhaul of DfT's internal grant guidance, launching a new Grant Management Hub, a one-stop-shop for all resources, templates, and training needed to manage grants through their lifecycle.

The hub promotes consistency, strengthens grant-making capability, and ensures compliance with the Government Grants Functional Standards, while helping reduce the risk of fraud and errors. It brings together all critical tools and guidance in one place to support high-quality, compliant grant delivery.

All colleagues involved in grant-making are expected to use the hub to ensure:

- Robust business cases and formal grant agreements are in place.
- Grants to private/third sector grants are competed by default for value for money.

- Risk assessments and due diligence are conducted.
- Appropriate monitoring and performance management is in place.
- Mandatory grant-related e-learning is completed.

DfT is continuously looking to develop and improve the monitoring of grant arrangements, to ensure consistency in the assessment, allocation, and management of grant. The department has a Strategy for Grants Management which sets out the vision and approach to managing grants and provides a clear roadmap setting out priorities. The strategy focuses on three Strategic Pillars; building capability, driving delivery excellence, and improving grant outcomes, and aligns with the Government Grants Management Function's vision to empower the grant making community to maximise outcomes for citizens and the economy.

Grants to Local Authorities

DfT provides grants to local government from its Departmental Expenditure Limit (DEL). The Ministry of Housing, Communities and Local Government (MHCLG) Accounting Officer System Statement for Local Government explains that whilst the Accounting Officer for MHCLG is responsible for the core Local Government Accountability Framework for local authorities and for ensuring that it is working and contains the right checks and balances, other departmental accounting officers are accountable for distribution of grants from their budgets to local government to support delivery of other policy areas.

DfT's grants to local government can be classified into four broad groups:

- Formula grants.
- Challenge or bid-based grants.
- Greater London Authority transport grant.
- Local government and rail services.

DfT contributes local transport grant funding to Established Mayoral Strategic Authorities via Integrated Settlements, which are led by MHCLG and consolidate grants from several government departments. MHCLG's Permanent Secretary serves as the 'Systems' Accounting Officer for the Integrated Settlement, responsible for overseeing the approach to securing value for money by ensuring institutional propriety, upholding governance structures, and approving local assurance frameworks. MHCLG Permanent Secretary assumes responsibility for Integrated Settlement policy design, processes and spending controls to Parliament. DfT Permanent Secretary is a 'thematic' Accounting Officer within the Integrated Settlement system, responsible for agreeing and monitoring outcomes and targets associated with DfT's policy functions, where these are devolved via the Integrated Settlement. Within Established Mayoral Strategic Authorities in receipt of an Integrated Settlement, core accountability processes are carried out by the Chief Executive, who is responsible for agreeing outcomes with central government and ensuring local outcome delivery and value for money, as well as upkeep of their local assurance framework,

internal processes, and capability resourcing. More details are available in MHCLG's AOSS.

Grants to Private and Voluntary Sector Bodies

DfT provides grants for specific purposes to private sector and voluntary sector organisations. These are made under statute and are accompanied with grant funding agreement that includes specific conditions, for example about project terms and eligible grant expenditure. Grants to private and voluntary sector bodies can take three forms, either competed, uncompleted or criteria based.

DfT completes a biennial grants maturity assessment that evaluates compliance with the Grants Functional Standard (covering DfT, its executive agencies and other public bodies). This is validated by GIAA and submitted to the Cabinet Office.

DfT has processes in place to review and record grant data on the Government Grants Information System (GGIS) in line with the recommendation from the Public Accounts Committee and its acceptance by the Government. DfT also maintains a pipeline of all upcoming grants which is uploaded to GGIS bi-monthly. As part of the transparency agenda; data on grants is published by the Government Grants Management Function annually in arrears each March on GOV.UK.

Major Contracts and Outsourced Services

Commercial Assurance Overview

DfT delivers core services through a wide range of contracts with third-party suppliers. Commercial assurance is critical to ensuring these arrangements meet HM Treasury's value for money criteria and are properly governed. This section outlines the thematic areas where the Commercial function provides assurance across the DfT Group, supporting the PAO in discharging accountability.

Assurance Over Outsourced Public Service Delivery

While ultimate accountability for outsourced delivery rests with the Secretary of State and the PAO, Commercial ensures that third-party contracts are structured and managed to uphold safety, compliance, and value for money. The Group Commercial Directorate (GCD) supports this by embedding procurement and commercial expertise across DfT entities.

Assurance Over Strategic Procurement and Advisory Services

Commercial provides assurance over the procurement of advisory services, ensuring that engagements are legally compliant, competitively sourced, and aligned with strategic objectives. GCD oversees procurement of £200–£400 million annually in advisory support, including:

- Strategic frameworks such as Star3 (£600 million) for rail advisory services.
- Access to financial, technical, and legal expertise for interventions and emergencies (e.g., COVID-19).

Assurance Over Operational Solutions and Infrastructure

Commercial assures the procurement of estates and digital solutions for the Department (DfTc), DVLA, and DVSA, ensuring contracts are robust and deliver operational efficiency.

Examples include:

- The £350 million facilities management contract for built assets.
- Digital systems such as Jaggaer for source-to-contract processes.

- Specialist procurements (e.g., lighthouse dismantling, helicopter services).

Assurance Over Government Interventions and Grant Allocations

Commercial provides targeted assurance on high-profile interventions, including:

- Fraud risk assessments and grant evaluation processes.
- Timing and governance of ministerial commitments.

Assurance Over Capital Projects and Asset Procurement

Commercial also supports assurance on capital projects through solution structuring, supplier identification, and procurement strategy.

This includes:

- Direct procurements (e.g., £150 million lighthouse vessel).
- Cross-departmental advice (e.g., maritime safety with MoD).
- Participation in steering groups and governance boards (e.g., Investment Committee).

Commercial Lifecycle Assurance

The Commercial Lifecycle Assurance (CLA) process provides structured assurance across all stages of commercial activity, ensuring:

- Compliance with procurement law and policy.
- Use of appropriate expertise and evidence-based decision-making.
- Alignment with business cases and risk mitigation strategies.

The CLA Framework operates as a formal Line of Defence under the Government's Orange Book, integrating assurance with governance and approvals across all tiers of DfT Group activity.

Assurance Over Supply Chain Resilience

The Supply Chain Management (SCM) team assures the resilience and continuity of DfT's supplier base by:

- Monitoring financial health and strategic risks.
- Mapping supply chains and supporting ALBs.

- Coordinating with Cabinet Office on supplier engagement.

Assurance Over Strategic Category Management

Commercial assures compliance with government reporting obligations, such as the steel origin data return to DBT.

This includes:

- Collation and verification of data across projects.
- Ensuring contractor and ALB compliance with certification standards.

Assurance Over Commercial Strategy, Policy and Capability

The Strategy, Policy and Capability Division assures that commercial governance frameworks are fit for purpose and aligned with government policy.

This includes:

- Implementation of procurement legislation and guidance.
- Capability development and continuous improvement.
- Support for ALB governance via Framework Documents.

Assurance Over Digital and Technology Commercial Operations

Commercial assures sourcing and procurement processes for IT and digital categories, ensuring:

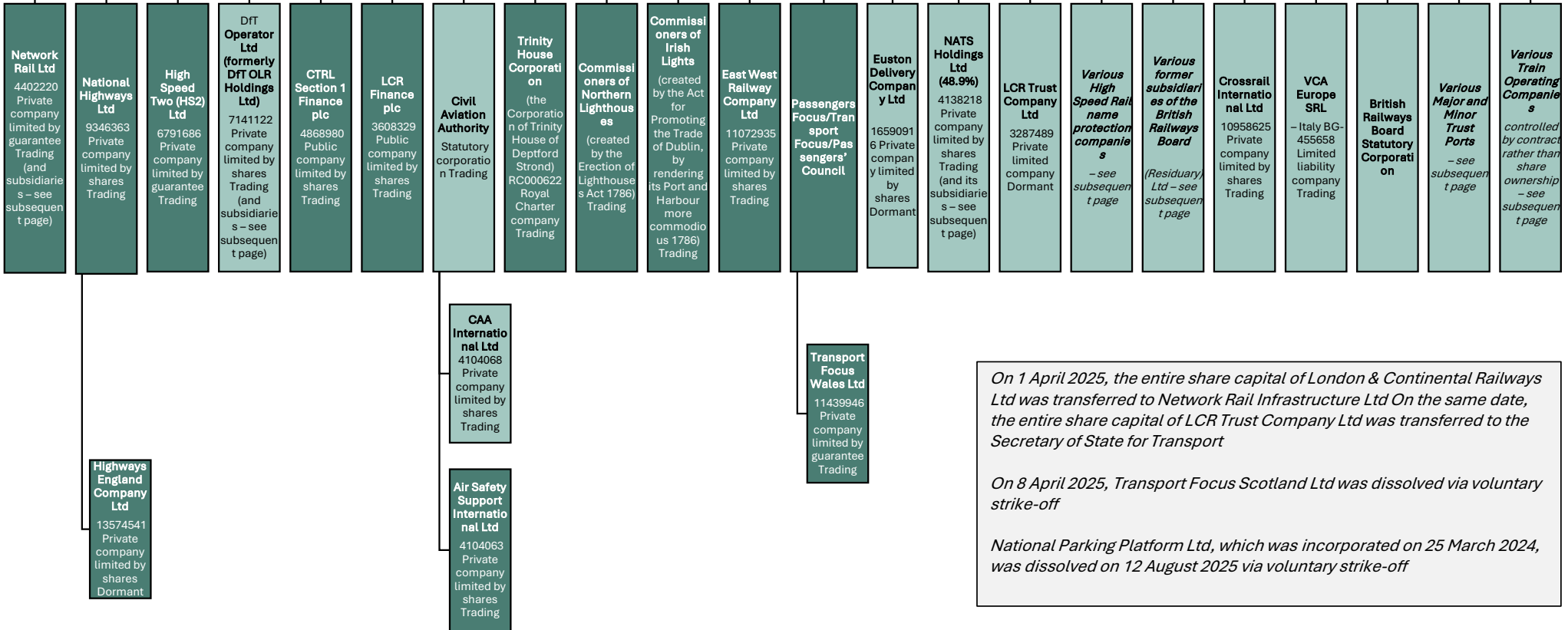
- Adoption of best practice and performance benchmarking.
- Data-driven insights for reporting and improvement.
- System integrity and compliance with commercial obligations.

Annex A - Companies DfT has significantly invested in

The Department for Transport and its Direct Investees

Key

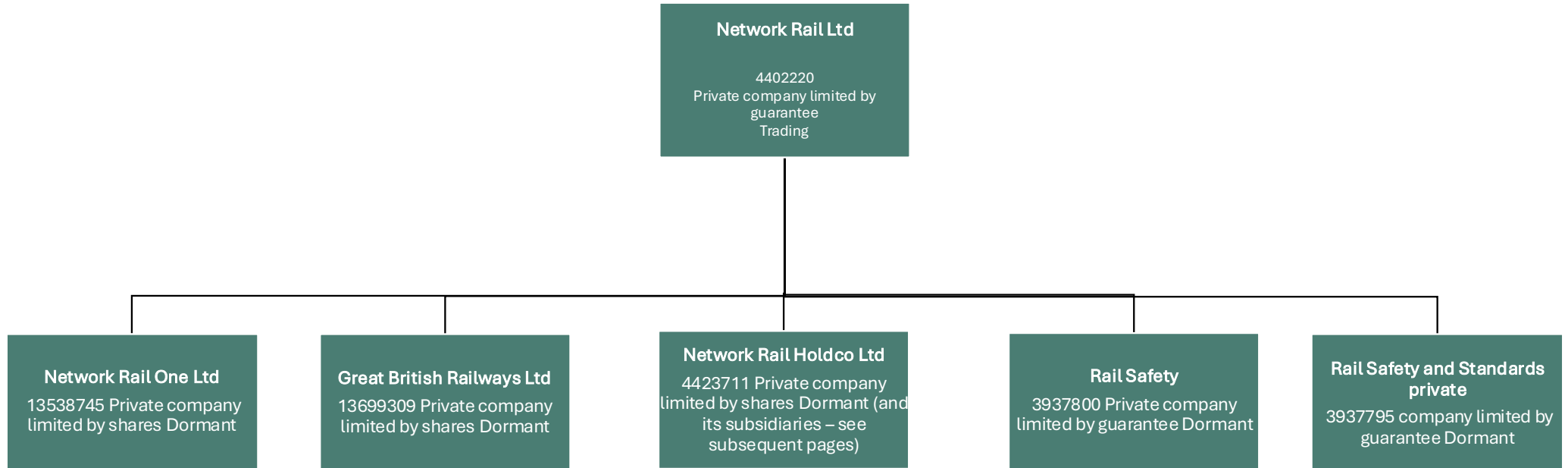
- Body classified to the central government sector and therefore consolidated within DfT accounts and budgets.
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The Network Rail Sub_Group (7)

Key

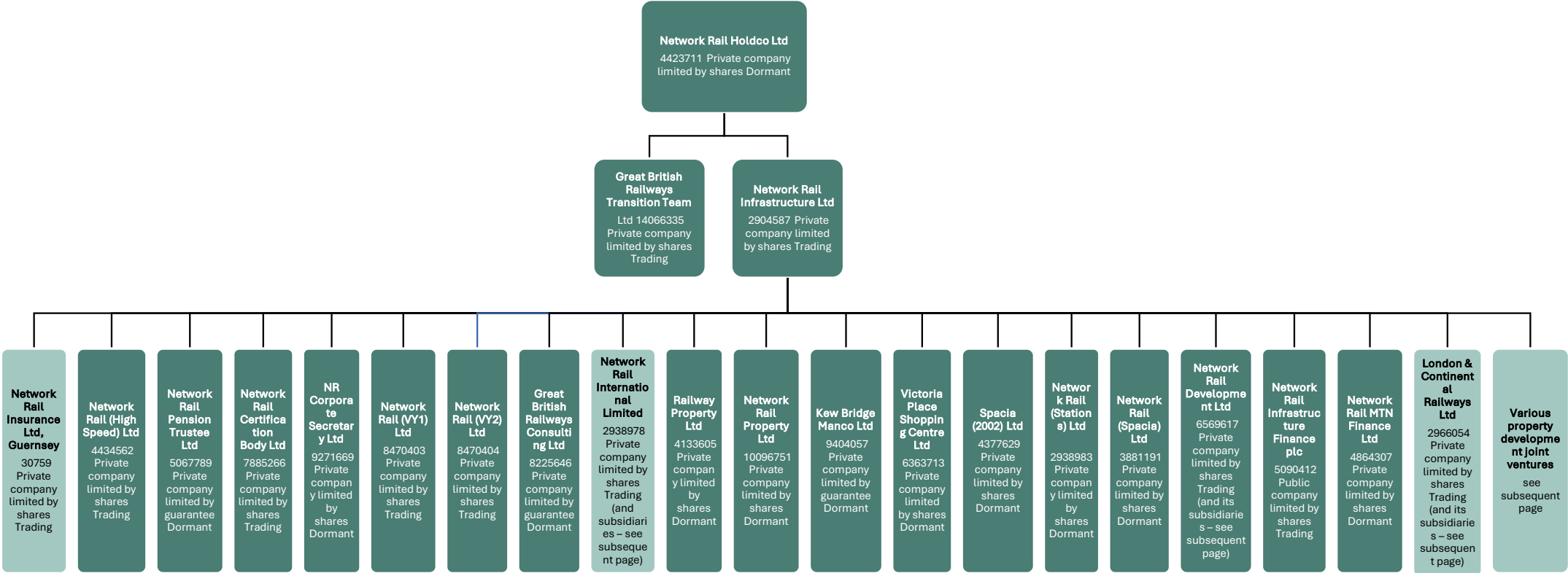
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The Network Rail sub-group – (2) Network Rail Holdco

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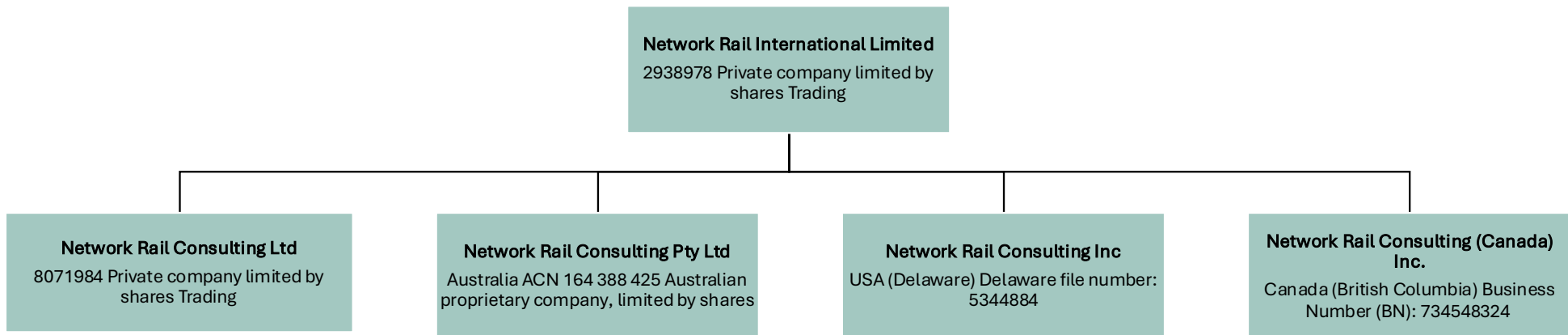


On 1 April 2025, the entire share capital of London & Continental Railways Ltd was transferred to Network Rail Infrastructure Ltd

The Network Rail sub_group - (9) Network Rail International

Key

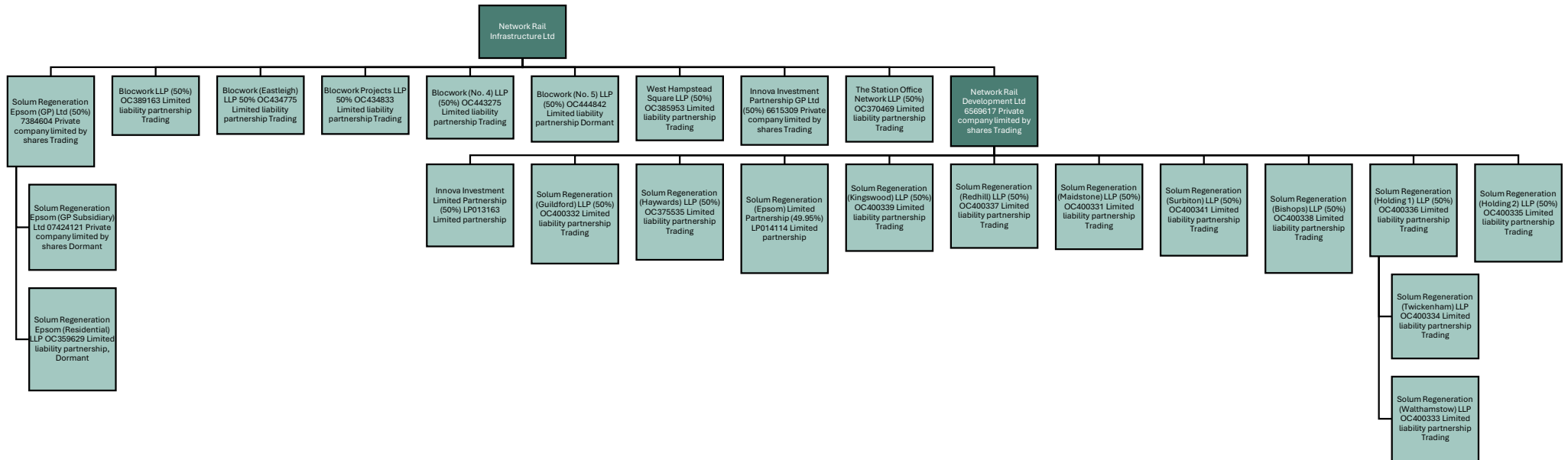
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The Network Rail sub-group – 4 Network Rail Development

Key

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The Network Rail sub-group – 4 Network Rail Development

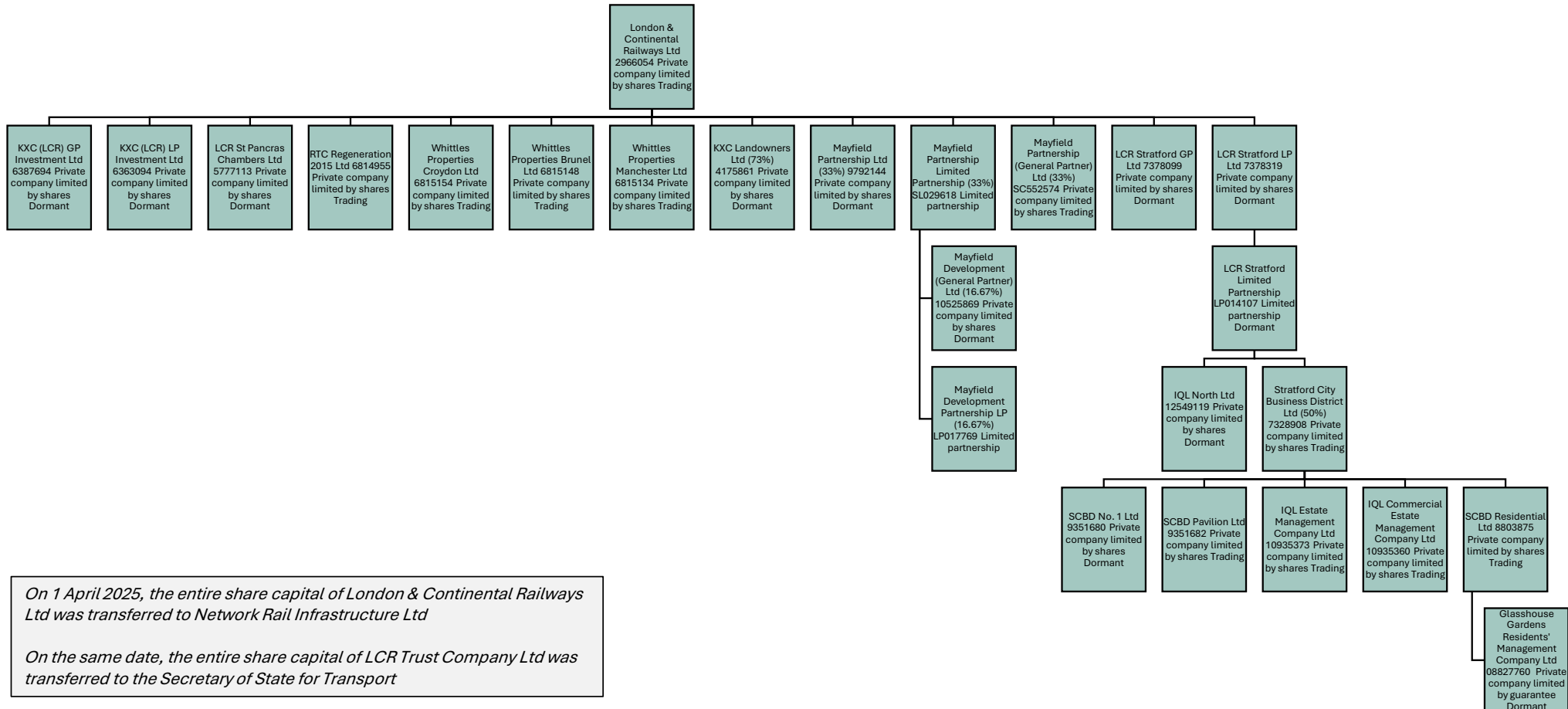
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The Network Rail sub-group (5) – London & Continental Railways Ltd sub-group

Key

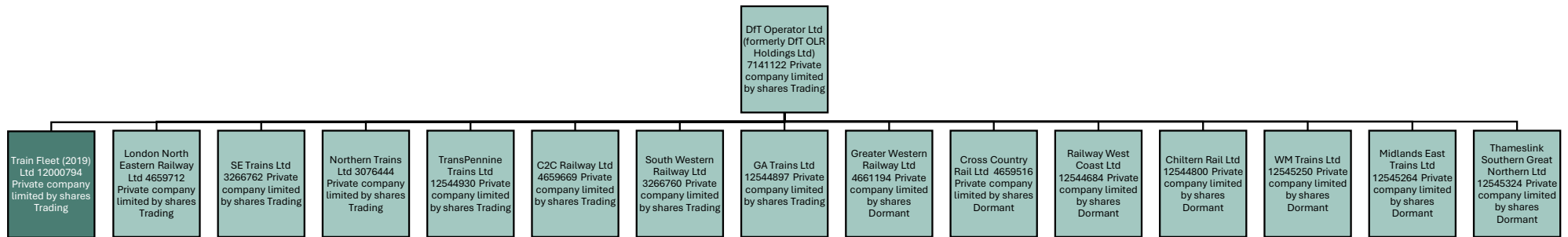
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DfT Operator (formerly DfT OLR Holdings) sub-group

Key

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On 25 May 2025, train services from Waterloo to Weymouth, Bournemouth and Exeter were transferred to South Western Railway Limited, and the company started trading on this date

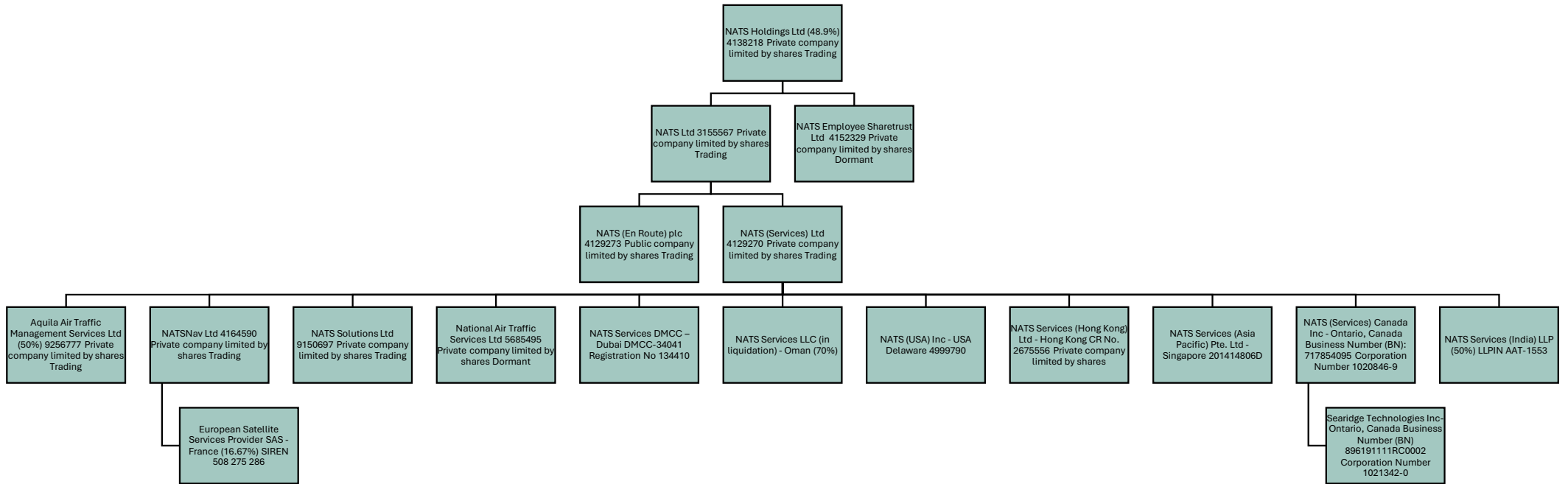
On 20 July 2025, train services across London and Essex were transferred to C2C Railway Limited, and the company started trading on this date

On 12 October 2025, the operation of all Greater Anglia services transferred to GA Trains Limited, and the company started trading on this date

NATS Holdings Ltd sub-group



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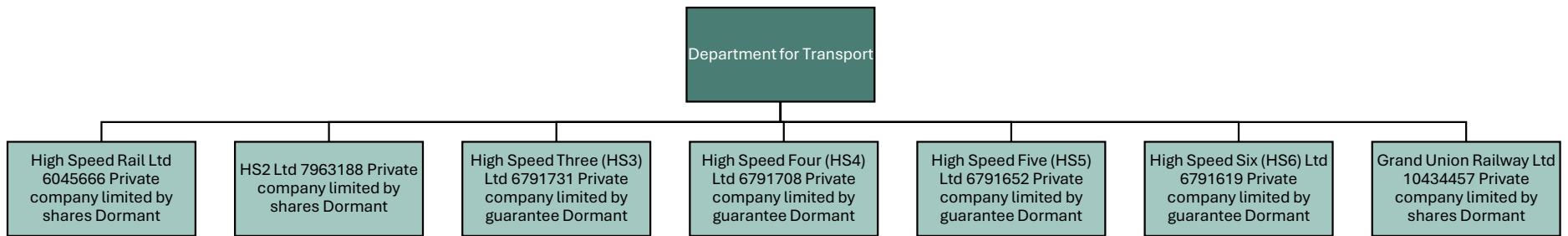
- Body classified to the central government sector and therefore consolidated within DfT accounts and budgets.
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Various High Speed Rail name protection companies

Key

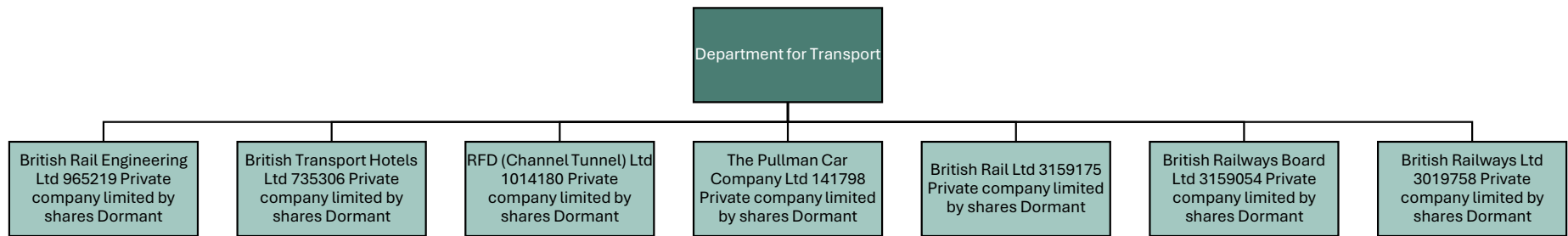
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Various former subsidiaries of the British Railways Board (Residuary) Ltd

Key

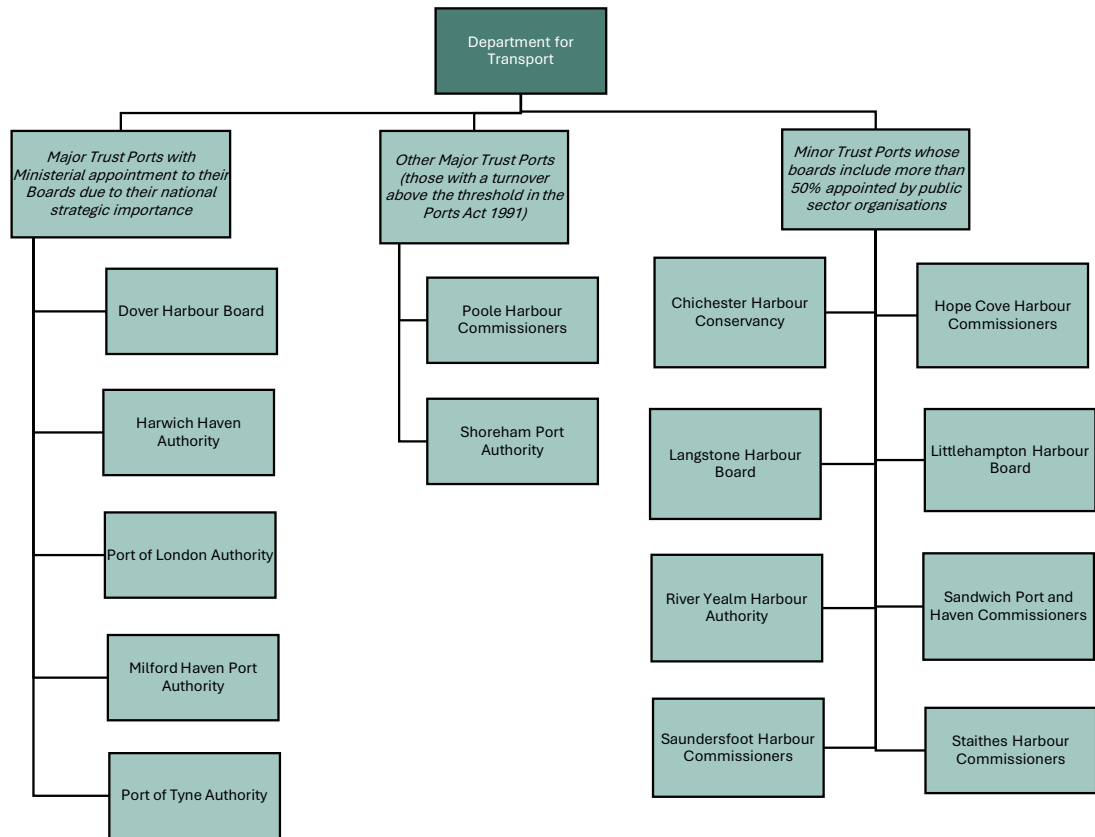
- Body classified to the central government sector and therefore consolidated within DfT accounts and budgets.
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Various Major and Minor Trust Ports

Key

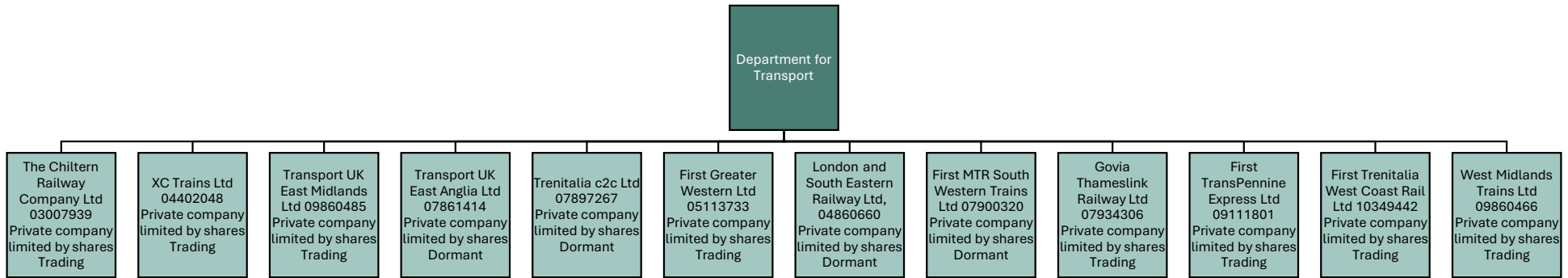
- Body classified to the central government sector and therefore consolidated within DfT accounts and budgets.
- Body classified outside the central government sector and therefore not consolidated within DfT accounts and budgets.



Various Train Operating Companies controlled by contract rather than share ownership

Key

- Body classified to the central government sector and therefore consolidated within DfT accounts and budgets.
- Body classified outside the central government sector and therefore not consolidated within DfT accounts and budgets.



On 25 May 2025, train services from Waterloo to Weymouth, Bournemouth and Exeter were transferred to South Western Railway Limited from First MTR South Western Trains Ltd, and the company ceased trading on this date

On 20 July 2025, train services across London and Essex were transferred to C2C Railway Limited from Trenitalia c2c Ltd, and the company ceased trading on this date

On 12 October 2025, the operation of all Greater Anglia services transferred to GA Trains Limited from Transport UK East Anglia Ltd, and the company ceased trading on this date

Glossary

AOSS - Accounting Officer System Statement

ARA - Annual Report and Accounts

CNG - Controls Network Group

CRM - Client Relationship Management

DVLA - Driver and Vehicle Licensing Agency

DVSA - Driver and Vehicle Standards Agency

MCA - Maritime and Coastguard Agency

VCA - Vehicle Certification Agency

ATE - Active Travel England

DfT - Department for Transport

DfTc - Central Department for Transport

ENEM - Executive and Non-Executive Meeting

ExCo - Executive Committee

GARAC - Group Audit & Risk Assurance Committee

GCD - Group Commercial Directorate

GGIS - Government Grants Information System

GIAA - Government Internal Audit Agency

GovS - Government Functional Standards

MHCLG - Ministry of Housing, Communities and Local Government

NDPB - Non-Departmental Public Body

NMD - Non-Ministerial Department

ODP - Outcome Delivery Plan

PAO - Principal Accounting Officer

PSFA - Public Sector Fraud Authority

SRO - Senior Responsible Owner

TOC - Train Operating Company

NH - National Highways

NR - Network Rail

NRIL - Network Rail Infrastructure Limited

GBR - Great British Railways

HS2 - High Speed 2

MRPG - Major Rail Projects Group

PTLG- Public Transport and Local Group

RSG - Rail Services Group

RRSG - Rail Reform Services Group

RTG - Road Transport Group

CAB - Commercial Assurance Board

SCM - Supply Chain Management

CLA - Commercial Lifecycle Assurance

DEL - Departmental Expenditure Limit

FED - Fraud, Error and Debt