

# Appendix E

## Departmental Investment Strategy

The Department for Transport's Departmental Investment strategy (DIS) describes planned investment for the period 2003-04 to 2005-06. It reflects the public spending plans resulting from the Spending Review 2002. The three-year investment plans described by the DIS are set within the context of the Department's longer-term transport investment strategy, the 10 Year Plan. Public investment expenditure across the 10 years of the plan is set out in Table E2 at the end of this appendix.

The DIS covers the investment plans of the central Department, the Department's executive agencies (with the exception of Vehicle Operator Service Agency and Driving Standards Agency, which are trading funds) and the Department's only executive non-departmental public body – the Strategic Rail Authority (SRA).

The DIS also describes the assets that are used to deliver services (as well as how these assets are managed and maintained) and the mechanisms in place to ensure that the DfT and its partners both deliver their investment plans and ensure value for money in the investment decisions they make.

Table E1 summarises the overall gross investment in transport between 2003-04 and 2005-06. This investment will contribute towards the achievement of the Department's Public Service Agreement (PSA) targets, which were themselves a key outcome of the Spending Review 2002. A complete list of the Department's PSA targets can be found in Appendix D.

**Table E1: Total gross investment 2003-06 (SR 2002 plans)£ million**

	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>
Direct investment by the public sector DfT(C)	43.3	44.3	45.3
DfT agencies (total)	666.1	766.0	520.4
Strategic Rail Authority	11.0	11.0	12.0
Local authorities (total)	2,614.8	2,824.4	2,709.6
Supported investment by the private sector			
Capital grants to the private sector	2,742.4	2,565.6	3,115.6
Private Finance Initiative (total)	1,579.0	1,790.0	2,062.0
<b><i>Total gross supported investment</i></b>	<b><i>7,656.6</i></b>	<b><i>8,001.3</i></b>	<b><i>8,464.9</i></b>

The following paragraphs give an indication of the relationship between investment in each of the main forms of transport and the achievement of the Department's PSA targets. They also provide a summary of which bodies own the assets used in the provision of transport services, and outline the measures that are in place to ensure that the Department's investment plans are delivered and that investment decisions represent value for money. Key outputs and outcome achievements in each of these areas since the beginning of the 10 Year Plan are in *Delivering Better Transport: Progress Report*, along with a prediction of what will be delivered by 2005.

The investment programme for the railways addresses the legacy of long-term under-investment. It will contribute towards improved punctuality and reliability, as well as increased patronage (PSA target 2). The bulk of railway assets are owned by the private sector – predominantly Network Rail, but also rolling stock leasing companies and rail freight companies. The SRA provides capital grants to the private sector for maintenance and renewal of the infrastructure and also funds some network enhancements. The Department provides capital grants to the private sector to fund part of the cost of Channel Tunnel Rail Link construction.

Investment in the strategic road network by the Highways Agency (HA) will help to tackle congestion and improve safety (PSA targets 1 and 5) as well as maintain the 8,255 kilometres of motorways and major trunk roads that are owned by the Agency. The HA has published a long-term strategy setting out how it will deliver the 10 Year Plan.

Decisions on major investments on the strategic road network were announced by the Secretary of State in July 2003. A programme of multi-modal studies and roads-based studies informed these decisions. In addition, major schemes are assessed using the New Approach to Appraisal (NATA) to ensure that decisions are based on a balanced view of the economic, environmental, safety, accessibility and integration implications.

Investment in local transport will improve the accessibility, punctuality and reliability of public transport. This will increase patronage and help to reduce road casualties (PSA targets 3 and 5). The local roads network (and light rail systems, where these exist) are owned and maintained by local authorities, while private-sector operators own and operate buses and coaches.

The systems to ensure the delivery of this investment and value for money in investment decisions include the Best Value regime for local authority management. Under this regime, authorities have a duty to prepare a 'capital strategy' and 'asset management plan' and also Local Transport Plans, in which authorities set out five-year plans for improving transport in their local area.

Investment in London transport will contribute towards the achievement of several PSA targets: tackling congestion, improving public transport, cutting journey times on the London Underground, reducing road casualties and improving air quality (PSA targets 1, 3, 4, 5 and 6). The ownership of transport assets in London rests predominantly with Transport for London (TfL), the transport executive of the Greater London Authority. TfL is responsible for strategic roads, buses, the London Underground, the Docklands Light Railway, Croydon Tramlink and river services. London boroughs own the local roads, as well as the associated street furniture.

The Mayor set out overall policies and programmes for transport in his transport strategy, published in July 2001. London boroughs are responsible for delivering certain elements of the transport strategy and are required to prepare local implementation plans setting out how they will do so. In addition, because both London boroughs and TfL fall within the scope of the Best Value regime they must prepare capital strategies and asset management plans.

The Department invests in a number of other programmes and forms of transport. Investment in these will contribute towards the Department's overall objective of reliable, safe, secure transport for everyone that respects the environment. In addition, investment plans for several of these areas will also contribute towards the Department's target for increased efficiency (PSA target 7).

**Table E2: 10 Year Plan investment and expenditure<sup>1</sup>£ billion**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2008-09	2009-10	2010-11	2011-12	Total
<b>Public investment</b>	4.2	5.6	6.0	6.2	6.4	6.4	6.8	7.1	7.5	7.5	63.7
<i>of which:</i> Strategic roads	1.0	1.1	0.6	0.8	0.6	0.9	1.0	1.3	1.3	1.3	9.9
Railways	0.9	1.4	2.7	2.5	3.0	2.7	2.2	1.3	1.2	1.2	19.2
Local transport	1.2	1.5	1.6	1.9	1.9	2.1	2.2	2.2	2.2	2.2	19.0
London excl LUL	0.5	0.7	1.0	0.9	0.7	0.7	0.7	0.7	0.7	0.7	7.3
LUL	0.5	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
Other	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.8
Unallocated	0.0	0.0	0.0	0.0	0.0	0.1	0.7	1.5	2.0	1.9	6.2

<sup>1</sup> Decisions about allocations from 2006-07 onwards, in particular the use of unallocated provision, will be taken in the light of the review and roll-forward of the 10 Year Plan.