

The 2007 Comprehensive Spending Review (2007 CSR) confirms the 2¼ per cent annual real increase in the Department for Transport's (DfT) programme budget set out in the overall Long Term Funding Guideline for transport announced in the 2004 Spending Review.<sup>1</sup> This increase in funding over the CSR07 period will be accompanied by value for money reforms delivering annual net cash-releasing savings of £1.8 billion by 2010-11, releasing funds from within the department's budget to invest in transport priorities. The 2007 CSR also extends the 2¼ per cent real growth in the Long Term Funding Guideline to 2018-19, meaning that over the 20 years from 1997 UK spending on transport will have more than doubled in real terms. Together these resources will allow DfT to:

- commence main construction of Crossrail, as part of an agreement with Transport for London (TfL), with grants from DfT of over £5 billion and the first services expected to run from 2017;
- provide £15 billion of Government funding in the rail network over five years to enhance capacity, including longer trains in and around major cities, the Thameslink upgrade in London, and removal of pinch points on key inter-urban lines;
- take forward road pricing, including support for local schemes and work to establish whether large scale distance-based charging is technically feasible while safeguarding privacy; and
- introduce free off-peak bus travel to all residents in England over the age of 60 and eligible disabled people from 1 April 2008.

#### Achievements so far

**D3.1** The Department for Transport's objective is to deliver reliable and efficient transport networks that support economic growth and improved productivity. Over the last decade a 70 per cent real increase in transport spending, coupled with reforms to delivery, has ensured significant improvements to the performance of the transport network. DfT has completed more than 100 road schemes which has helped alleviate congestion. More people are travelling further by rail than at any time since the 1940s, and bus use is increasing year on year for the first time in decades. DfT has also made safety one of its key priorities, resulting in a reduction in the number of adults and children killed or seriously injured in road accidents by a third and a half respectively since 1998.

#### Responding to challenges ahead

**D3.2** The Eddington Transport Study<sup>2</sup> set out the UK's long-term transport needs and a far-reaching programme of reform for the Department to implement to ensure transport investment meets the challenges of sustaining the UK's economic productivity, growth and stability, within the context of the Government's commitment to sustainable development. This settlement will allow DfT to respond to increasing demands on the transport system over the coming decades, with the Department working better to understand, plan for, and influence how transport systems and usage may develop. The Government's aim is transport that works for everyone – this means a transport system which balances the needs of the economy, the environment and society. DfT aim to address these challenges by identifying sustainable solutions as efficiently as possible. **In this context, DfT has set itself the following Departmental Strategic Objectives over the CSR07 period:**

<sup>1</sup> Average annual real growth for the Department as a whole will be 2.1 per cent rather than 2.25 per cent due to savings in DfT's administration budget.

<sup>2</sup> *The Eddington Transport Study, Main Report: Transport's role in sustaining the UK's productivity and competitiveness*, Sir Rod Eddington, December 2006.

- to sustain economic growth and improved productivity through reliable and efficient transport networks;
- to improve the environmental performance of transport;
- to strengthen the safety and security of transport; and
- to enhance access to jobs, services and social networks, including for the most disadvantaged.

**D3.3** DfT will also lead delivery of the cross-governmental Public Service Agreement (PSA) to deliver reliable and efficient transport networks that support economic growth.

## RESOURCES AND REFORM

**D3.4** Building on the 6.1 per cent annual average real increase in transport spending in the last decade, the 2007 CSR confirms the 2¼ per cent per year real increase in DfT's programme expenditure set out in the Long Term Funding Guideline for transport at the time of the 2004 Spending Review. Furthermore, the settlement confirms that growth in the Long Term Funding Guideline will be extended to 2018-19 at 2¼ per cent per year in real terms, to enable the Department to continue to plan future transport spending over a ten year horizon. Meeting the Long-Term Funding Guideline will mean that, **over the two decades to 2018-19, UK public spending on transport will have more than doubled in real terms.**

**D3.5** To focus these increased resources on the highest priority areas, this increase in funding will be accompanied by value for money reforms generating net cash-releasing savings of £1.8 billion per year by 2010-11. The programme includes:

- securing rail savings through further efficiency improvements in Network Rail's management processes and cost control together with robust and effective franchise agreements realising net cash-releasing savings of £1,238 million per year by 2010-11. For example, Network Rail will be given further cost efficiency targets for the period 2009-14 on top of the 31 per cent saving target that Network Rail is required to achieve by 2009; and
- standardising and tightening major maintenance contracts which will contribute to annual net cash-releasing savings by the Highways Agency of £144 million by 2010-11.

## DELIVERING RELIABLE AND EFFICIENT TRANSPORT NETWORKS

**D3.6** This combination of sustained increases in funding and continued efficiency gains will allow DfT to pursue its ambitions across the full range of programmes and meet the challenges set out in the Eddington Study. In taking forward its investment programme, the Department will prioritise growing and congested urban areas and their catchments; key inter-urban corridors and major international gateways. It will do this by putting in place a policy and decision-making framework incorporating Sir Rod Eddington's strategic recommendations into its Departmental Strategic Objectives. DfT will publish further details shortly.

**Crossrail D3.7** The 2007 CSR makes provision for Crossrail (see box 4.3), a significant addition to the capital's transport infrastructure which support London's growth and the future prosperity of the UK. Crossrail will be taken forward by Cross London Rail Links, which will become a wholly owned subsidiary of Transport for London, subject to certain rights retained by DfT to

reflect the Department's contribution to the project. DfT will contribute around one third of the total estimated cost of up to £16 billion, with the remainder being contributed through Crossrail fare up to payers (used to service debt) and the private sector. Subject to Royal Assent, main construction will be underway in 2010, with the first services commencing in 2017.

**Rail services D3.8** The High Level Output Specification for the passenger railway<sup>3</sup> was published by DfT in July alongside the Statement of Funds Available, which set out that £15.3 billion of government support was available over five years for the railways in England and Wales. This will enable new capacity on the railway while improving safety, reliability and reducing rail's carbon footprint. Subject to the Office of Rail Regulation's determinations, the Department aims to deliver significant improvements in rail services for 2009-14 including new capacity through the Thameslink programme, provision of new inter-city trains, a programme of station improvements and raising the level of punctuality to at least 92 per cent.

**Roads and road pricing D3.9** The 2007 CSR provides for significant investment in roads, consistent with the conclusions of the *Eddington Transport Study*, to support the needs of a growing economy. It allows provision for increasing capacity on a number of the nation's most congested roads. Furthermore, the 2007 CSR confirms the Government's commitment to use resources from the Transport Innovation Fund to tackle congestion through supporting local road pricing schemes, subject to appropriate proposals coming forward. The Government will be looking in detail at proposals received, including for accompanying public transport.

**Concessionary bus travel D3.10** Buses remain a key means of making facilities accessible to older and disabled people in particular. DfT will provide over £200 million a year to allow for the introduction of an enhanced national bus concession entitling residents of England aged 60 and over, and eligible disabled people, to free off-peak local bus travel anywhere in England from 1 April 2008.

**Table D7: Department for Transport baseline and additions**

	£ million			
	Baseline	Additions		
	2007-08	2008-09	2009-10	2010-11
Resource DEL	6,274	169	219	399
of which near-cash	5,678	479	472	380
of which administration	290	-8	-15	-21
Capital DEL	6,660	633	954	1,452
<b>Total DEL<sup>1</sup></b>	<b>12,556</b>	<b>842</b>	<b>1,219</b>	<b>1,909</b>

  

	£ billion			
	Estimate	Projections		
	2007-08	2008-09	2009-10	2010-11
<b>Total UK transport<sup>2</sup></b>	<b>20.0</b>	<b>21.9</b>	<b>22.5</b>	<b>23.7</b>

<sup>1</sup> Full resource budgeting basis, net of depreciation.

<sup>2</sup> UK transport measured consistently with international definitions from the UN classifications of the functions of government (COFOG). Actual outcomes are subject to spending decisions by local authorities and devolved administrations. These figures reflect HM Treasury's latest indicative assumptions on the expenditure of local authorities and devolved administrations.

<sup>3</sup> *Delivering a Sustainable Railway* – White Paper CM 7176. [www.dft.gov.uk](http://www.dft.gov.uk)