

The Government is committed to improving the performance of transport networks to deliver higher productivity and growth and a better experience for all users of our transport system. This Review reaffirms the Government's commitment to provide the resources to deliver the improvements set out in the Ten-Year Plan for Transport, *Transport 2010*, and identifies the reforms necessary to achieve this. These include:

- spending on UK transport rising at an average rate of 8.4 per cent a year after inflation;
- the Department for Transport's own budget rising at over 12 per cent a year on average in real terms, such that spending will be over £4 billion higher in 2005-06 than in 2002-03;
- increased purchasing power to spend on track and infrastructure renewals and maintenance from Railtrack's successors, lower cost of capital and ability to finance renewals over asset life, thanks to its restructuring and refinancing;
- **delivery of new strategic road schemes** through the Targeted Programme of Improvements;
- **continuing increases in funding for local authority transport** delivery following the step change made in the last Spending Review;
- reforms to create a **more integrated system of transport planning and implementation**, providing better value for money and more cost-effective delivery of this huge investment programme;
- some £370 million from unallocated capital within the Ten-Year Plan has been brought forward into the Spending Review to accelerate delivery; and
- in addition, new funding, of around £1 billion a year, is being added to the Ten-Year Plan to **support the delivery of the improvements to the London Underground** to be provided through the Public-Private Partnership.

THE TEN-YEAR PLAN FOR TRANSPORT

8.1 The Ten-Year Plan for Transport is key to the delivery of the Government's transport objectives, and came into effect in April 2001. It represents an integrated approach to transport policy to tackle the problems of congestion and pollution, and to deliver improvements for passengers, motorists and business while addressing concerns over safety and a better environment. By providing an unprecedented commitment to sustained levels of new investment over a decade, it provides the stable long-term framework needed to bring about real improvements to the UK transport system. Delivering the Plan, and the necessary reforms to achieve this, is now the main task for the period covered by these spending plans.

Delivery targets

8.2 The Ten-Year Plan identifies a number of key targets for delivery. These are reflected in the Department for Transport's Public Service Agreement (PSA) targets agreed as part of this Review.

Box 8.1: Key PSA targets

Reduce congestion on the inter-urban trunk road network and in large urban areas in England below 2000 levels by 2010.

Secure improvements in rail punctuality and reliability with a 50 per cent increase in rail use in Great Britain from levels of 2000 by 2010.

Secure improvements to the accessibility, punctuality and reliability of local public transport (bus and light rail), with an increase in use of more than 12 per cent by 2010 compared with 2000 levels.¹

Cut journey times on London Underground services by increasing capacity and reducing delays. (Specific targets will be agreed with the Mayor after the Public-Private Partnership has been established.)

Reduce the number of people killed or seriously injured in Great Britain in road accidents by 40 per cent and the number of children killed or seriously injured by 50 per cent, by 2010 compared with the average for 1994-98, tackling the significantly higher incidence in disadvantaged communities.

Improve air quality by meeting our National Air Quality Strategy objectives for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1-3 butadiene (joint target with the Department for Environment, Food and Rural Affairs).

Progress to date 8.3 One year into the Ten-Year Plan, improvements are already being delivered:

- bus passenger numbers are now rising again after years of decline;
- 96 major local road and public transport schemes have already been approved – including new light rail lines in several of our larger cities;
- hundreds of new rail services have been introduced, and 4,000 units of new rolling stock are in service or on order;
- 55 strategic road schemes are now being progressed through the Targeted Programme of Improvements, and around 100 more will be added as the programme of multimodal studies moves towards completion over the next two years;
- construction of the first new major railway for over 100 years, the Channel Tunnel Rail Link, is proceeding on time and on budget;
- the London Underground is carrying more people than ever before and performance is improving;
- the allocation for local authorities has doubled, which is funding thousands of smaller schemes all over the country; and
- output figures for the construction industry are showing a 50 per cent increase for road and rail infrastructure combined during the first year of the Plan. This represents the largest increase in new work for a single year on record.

¹ The change in the local public transport target from 2002 is a re-presentation of the bus and light rail targets to allow local flexibility so that decisions can be based on local circumstances. A target of more than 12 per cent is consistent with the previous two separate PSA targets as it is the result of adding the outcomes of the two previous targets together.

Reviewing the Ten-Year Plan **8.4** The Secretary of State for Transport will publish a first report in the autumn on progress so far in delivering the objectives of the Plan. This report will also set out what will be delivered by 2006 to meet the Plan's overall objectives.

8.5 The Government's priority is to ensure the increased investment delivers the real improvements the Plan identified. To that end a full review of the impact of the Plan and its policies, which will also roll the plan forward into the next decade, will be published at the time of the next Spending Review.

Delivery and reform

8.6 Action is already underway, in advance of the full review, to ensure that the reforms necessary to deliver the Plan are in place as quickly as possible. Taking forward these reforms, the newly-established Department for Transport (DfT) will play a central role in delivery of the Government's objectives for the economy, society and the environment.

8.7 On the ground, delivery of the Ten-Year Plan and its objectives is the responsibility of a large number of agencies, both public sector and private. An integrated approach to prioritisation of investment and management of delivery is essential to ensure that the maximum benefits of this very considerable investment will be realised.

Integrating national and local priorities **8.8** The Department for Transport will continue to review and strengthen the mechanisms for delivery of Ten-Year Plan outcomes and related targets. This will include strengthening the connections between national objectives and local delivery, ensuring that progress against the Government's objectives for transport can be effectively monitored.

8.9 The increased funding for local authorities under the Ten-Year Plan will enable them to provide local solutions to their local transport problems, and thereby contribute to national objectives. Authorities set their own objectives and targets in Local Transport Plans. These need to be consistent with the Government's national objectives, and collectively deliver the necessary contribution towards national congestion and public transport objectives. The Department for Transport will therefore work with authorities to establish local targets linked to the relevant national ones. As a step towards this the DfT will be publishing local congestion benchmarks relating to different areas and reflecting differing local needs.

Investing in the railways **8.10** Railtrack's successor will be able to finance investment in renewing the network over the life of the assets concerned and will have a lower cost of capital. This substantially increases the purchasing power of the Ten-Year Plan levels of support for the railways. Together with the Strategic Rail Authority and the Rail Regulator, the Department will also be working with Railtrack's successor to ensure that this substantial increase in buying power is deployed cost effectively to the long-term benefit of customers and in a way which delivers value for money to the taxpayer.

Reducing delivery times **8.11** The long lead times for delivery of transport infrastructure are a significant obstacle to early progress. Streamlined delivery will be targeted through:

- the Department for Transport and Highways Agency working towards an average delivery timescale for new road schemes of no more than four to six years from 2004-05, improving on the current target of an average of five to seven years;
- the Department and the SRA working with the industry to develop special purpose vehicles to deliver major rail projects;
- a joint review, by the DfT and the Office of the Deputy Prime Minister, of the statutory planning processes for transport; and

- rapid deployment of successfully piloted highway and traffic management tools to improve performance on and make better use of the existing road network.

Integrated planning **8.12** To deliver an integrated approach to transport and land-use planning, the Department, its Agencies and the Office of the Deputy Prime Minister will work closely together to link-up the development of long-term housing strategy and the modernising planning agenda with proposals for new and enhanced transport provision. It is essential that the proposed pattern and location of development in growth areas is fully integrated with proposals for the management and enhancement of the transport systems which support existing and planned development.

Improving transport efficiency **8.13** Sustainable distribution initiatives offer the prospect of increased efficiency in the logistics sector across all transport modes, improving productivity and reducing the external costs imposed on other users and the environment. The department's work on identifying and promoting best practice will be stepped up, building on efficiency improvements to date. To enable progress to be monitored the DfT will develop a sustainable distribution indicator to capture the wider impacts of road-, rail-, and water-based initiatives on the wider impacts of distribution services.

Value for money **8.14** The Department for Transport will continue to improve its ability to deliver value for money by:

- further developing its analytical and modelling tools;
- enhancing its internal business skills and capabilities so as to make the most of the key commercial links affecting delivery; and
- developing its integrated approach to investment appraisal, establishing a methodology to assess value for money across transport programmes and modes, and by location.

Transport and communities **8.15** Local transport investment has a strong role to play in improving the safety and quality of local environments, particularly in deprived areas. This will be delivered through Local Strategic Partnerships, the Neighbourhood Renewal Unit and neighbourhood renewal strategies. Improved accessibility planning and coordination between public transport providers will take account of health inequalities and the potential benefits of infrastructure improvement projects for deprived areas. This joined-up approach will best take advantage of the linkages that exist between this expenditure and other relevant funding streams including the Neighbourhood Renewal Fund, providing best value for money and sustainable improvements in the longer term.

SPENDING PLANS

8.16 The Review provides an average annual growth of over 12 per cent in real terms over the next three years, with expenditure in 2005-06 £4 billion higher than in 2002-03, including around £1 billion a year to support the delivery of the improvements to the London Underground to be provided through the Public-Private Partnership.

8.17 This increasing level of support exceeds the funding profile set out in the Ten-Year Plan for the next three years to 2005-06. In addition, the reforms set out above will increase the purchasing power and cost effectiveness of this level of spending, enabling more to be delivered in return for the major public investment it represents.

Table 8.1: Key figures

	£ million			
	2002-03	2003-04	2004-05	2005-06
Department for Transport				
Resource budget	4,960	7,632	7,749	8,650
Capital budget	2,948	3,369	3,811	3,391
Total Departmental Expenditure Limit¹	7,661	10,692	11,197	11,640
Near-cash spending in DfT DEL ²	7,843	10,829	11,333	11,774
UK transport spending (estimated) ³	11,962	15,347	15,827	16,406

¹ Full resource budgeting basis, net of depreciation.

² Cash spending measured on an accruals basis, i.e. when spending is incurred.

³ Consistent with previous control basis.

Investment

8.18 A proportion of the public investment provided by this Review is delivered through capital grants to the private sector, mainly in the rail industry. These are now shown as resource in the departmental budget due to the move to private sector standards of financial reporting, but are investments in creating assets for the public. Total transport investment as defined in national accounts is therefore set out in Table 8.2 for clarity.

Table 8.2: Transport investment

	£ million			
	2002-03	2003-04	2004-05	2005-06
Total transport investment	3,917	6,032	6,300	6,438
<i>Of which:</i>				
Central government own investment	2,948	3,369	3,811	3,391
Investment grants	969	2,663	2,489	3,047

