Department for Transport

Day-to-day Spending (Resource DEL)

DfT spends 1.2% of total Resource DEL

Spending Review 2015

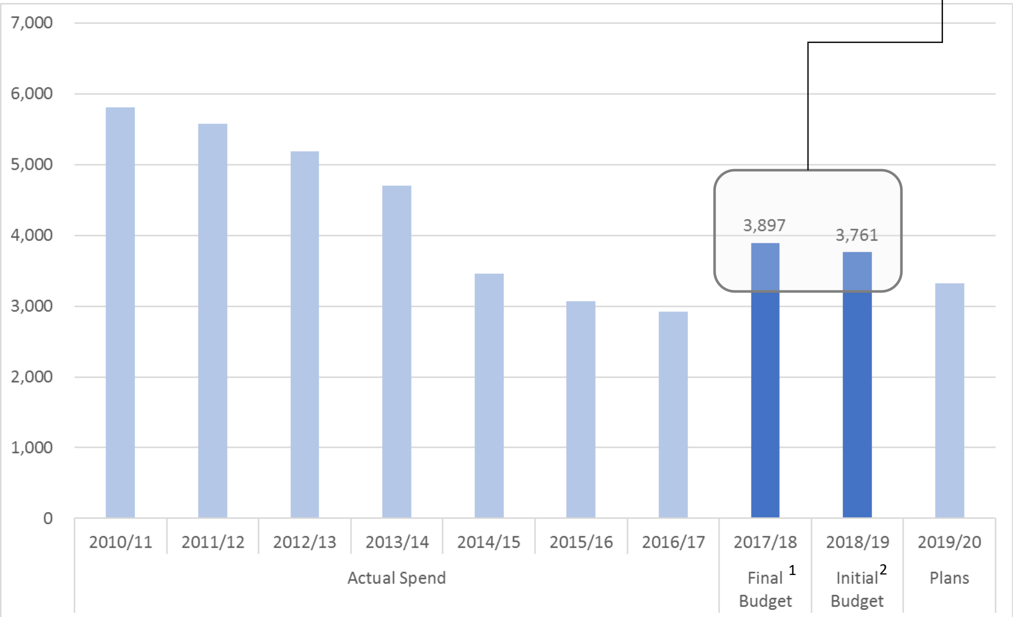
- The SR planned overall decreases to the Resource DEL Transport Budget over the period 2015-16 to 2020-21.
- Since then budgets have tended to have been revised up slightly – most of these changes have been due to increases in depreciation (a non-cash cost).

Trends

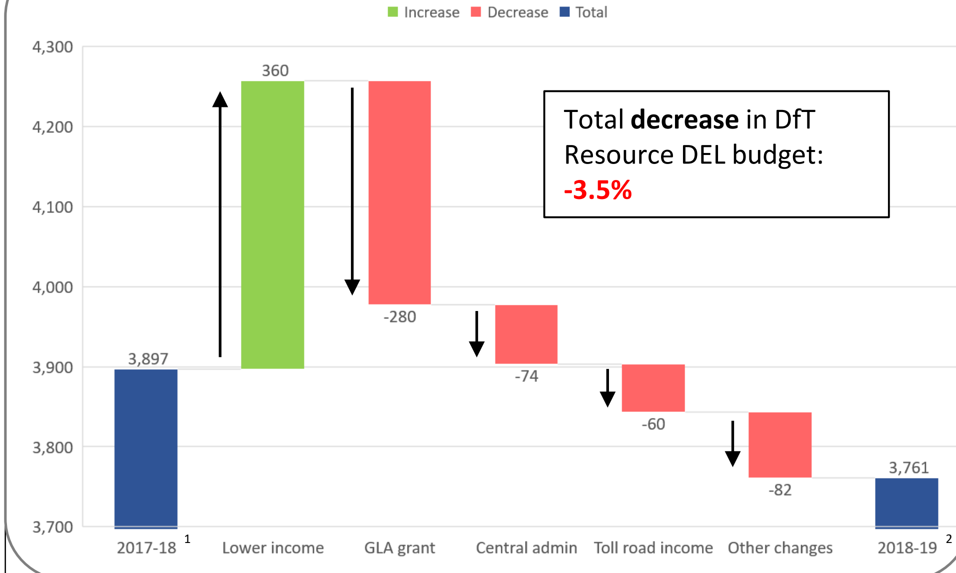
- A factor in the budget cuts up until 2016-17 were significant reductions in GLA transport grants for London.

Note: The RDEL budget also includes depreciation which is a non-cash cost.

Long-term spending trends (£m, nominal)



Breakdown of changes in budget from 2017-18 to 2018-19, £m



Changes from last year

- The RDEL budget is £136 million (3.5%) lower than last year.
- Spending is net of income – the net income from passenger rail services is forecast to be down £360 million – this means cuts in other areas have to be higher.
- Income from toll roads is forecast to be £60 million higher.
- There is no RDEL GLA transport grant in 2018-19.
- Central administration has a lower budget.
- Other changes include lower budgets for motoring agencies and Highways England.

[1] Final budget at Supplementary Estimates 2017-18 (Feb 2018)
[2] Initial budget as at Main Estimates 2018-19 (April 2018)

Investment Spending (Capital DEL)

DfT spends 13% of total Capital DEL

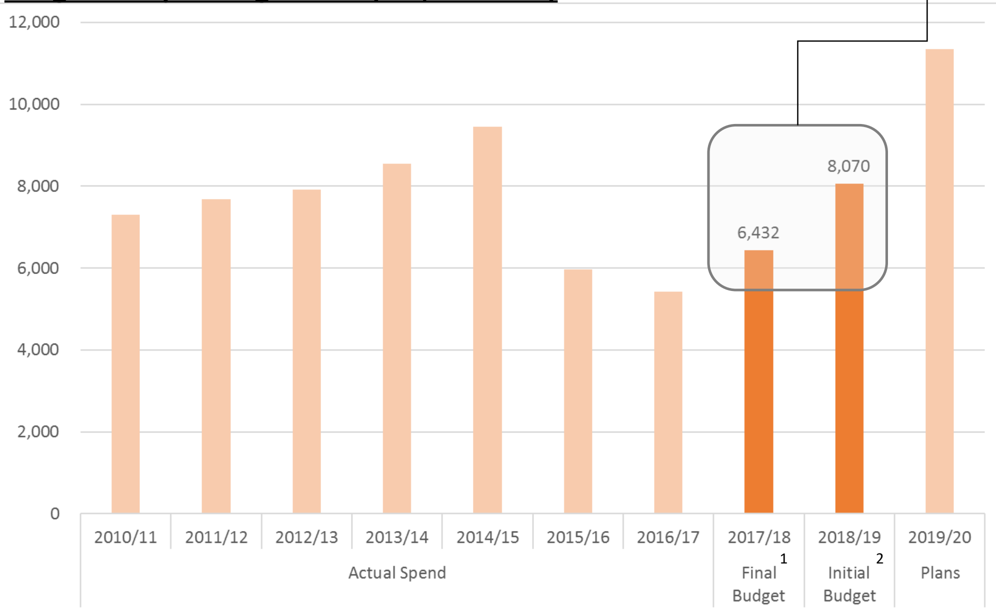
Spending Review 2015

The SR forecast CDEL to increase year-on-year from 2015-16. Budgets are lower than SR totals mostly due to transfers to MHCLG, and reduced funding for TfL (due to business rates retention).

Trends

- Up until 2014-15 around £4bn of Network Rail capital spending scored in Capital DEL each year. This accounts for the large decrease from 2015-16.
- Capital grants for London (Crossrail) and Local Authorities also fell between 2014-15 and 2016-17.
- Higher budgets for HS2 have caused increases since 2016-17.

Long-term spending trends (£m, nominal)



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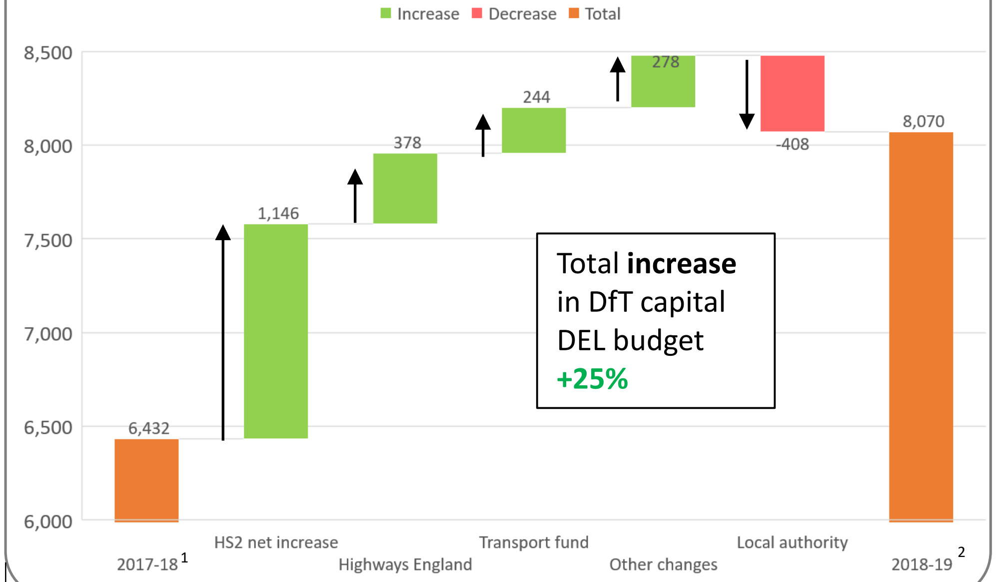
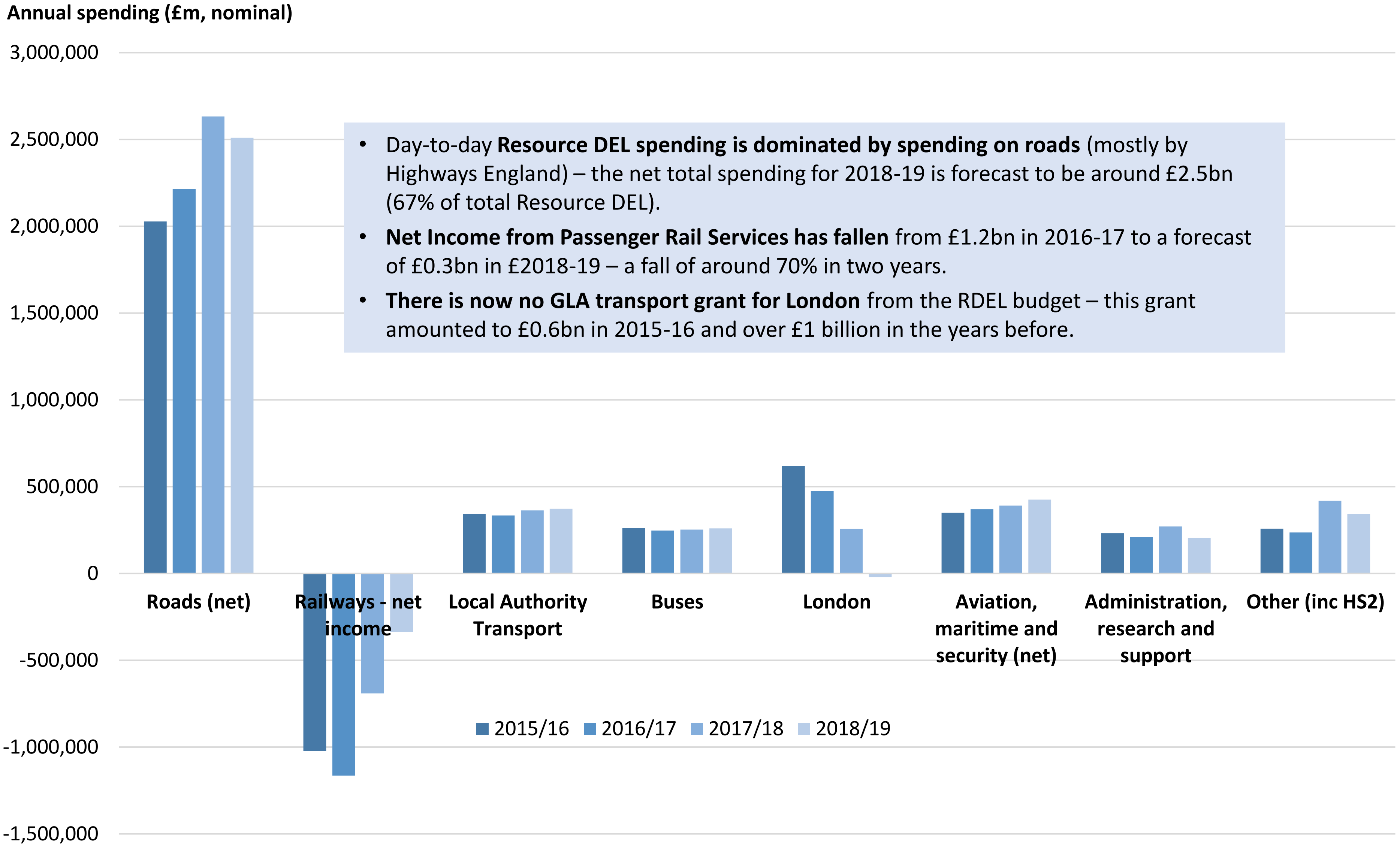


Changes from last year

- CDEL is currently forecast to increase from £6.4bn to £8.1bn, a 25% year-on-year increase.
- The largest increase is for HS2 with a net increase of £1.1bn (an increase of £2.0bn in "High Speed" budget lines, less a decrease of £0.9bn contained in the "arms length body" budget line)
- Highways England and the Transport Development fund are both seeing increases compared to the prior year.
- Funding for Local Authority transport (which is primarily for road maintenance) is seeing a fall of £408 million (down 23%) compared to last year.

[1] Final budget at Supplementary Estimates 2017-18 (Feb 2018)
[2] Initial budget as at Main Estimates 2018-19 (April 2018)

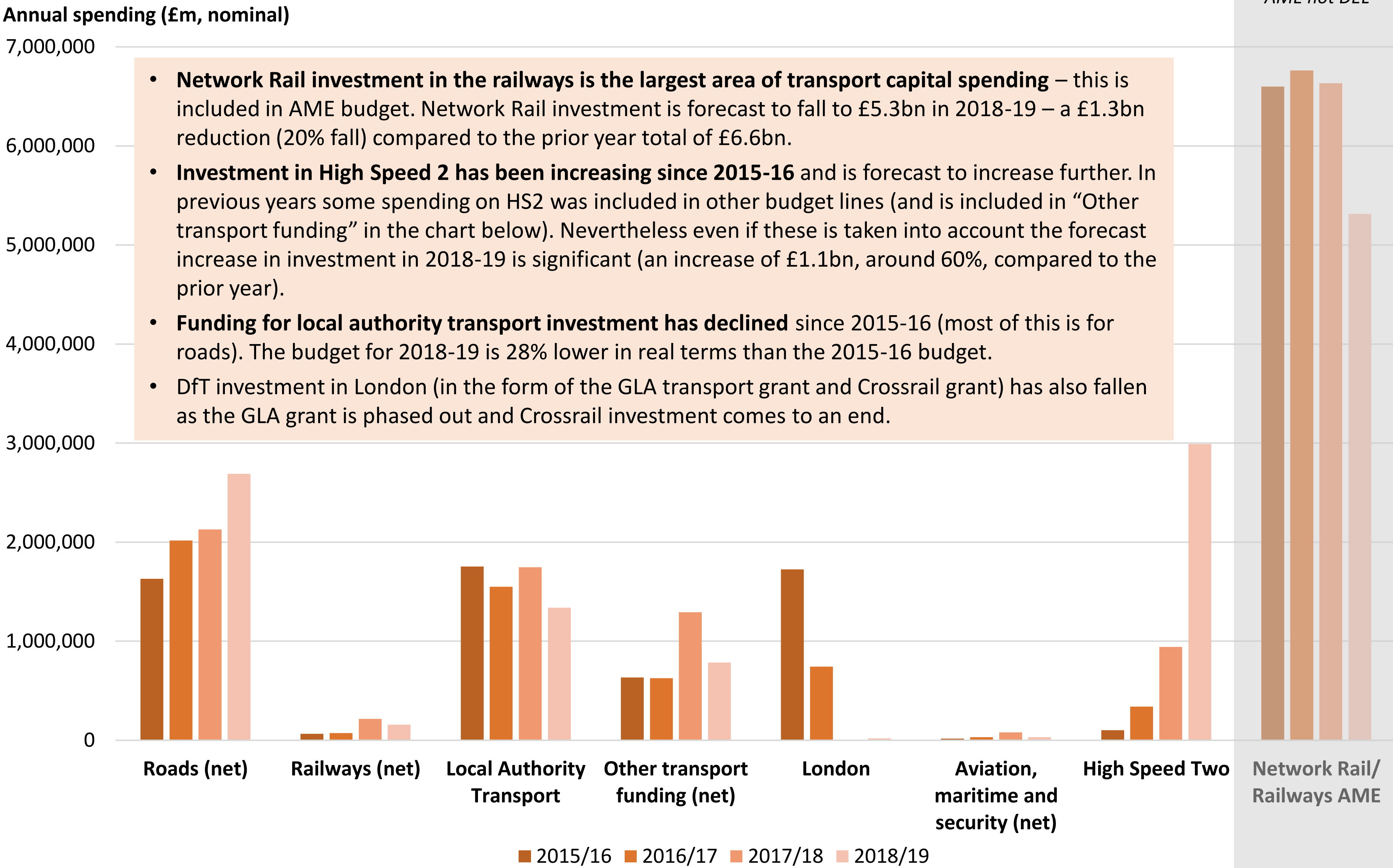
Day-to-day spending (Resource DEL): Split by area



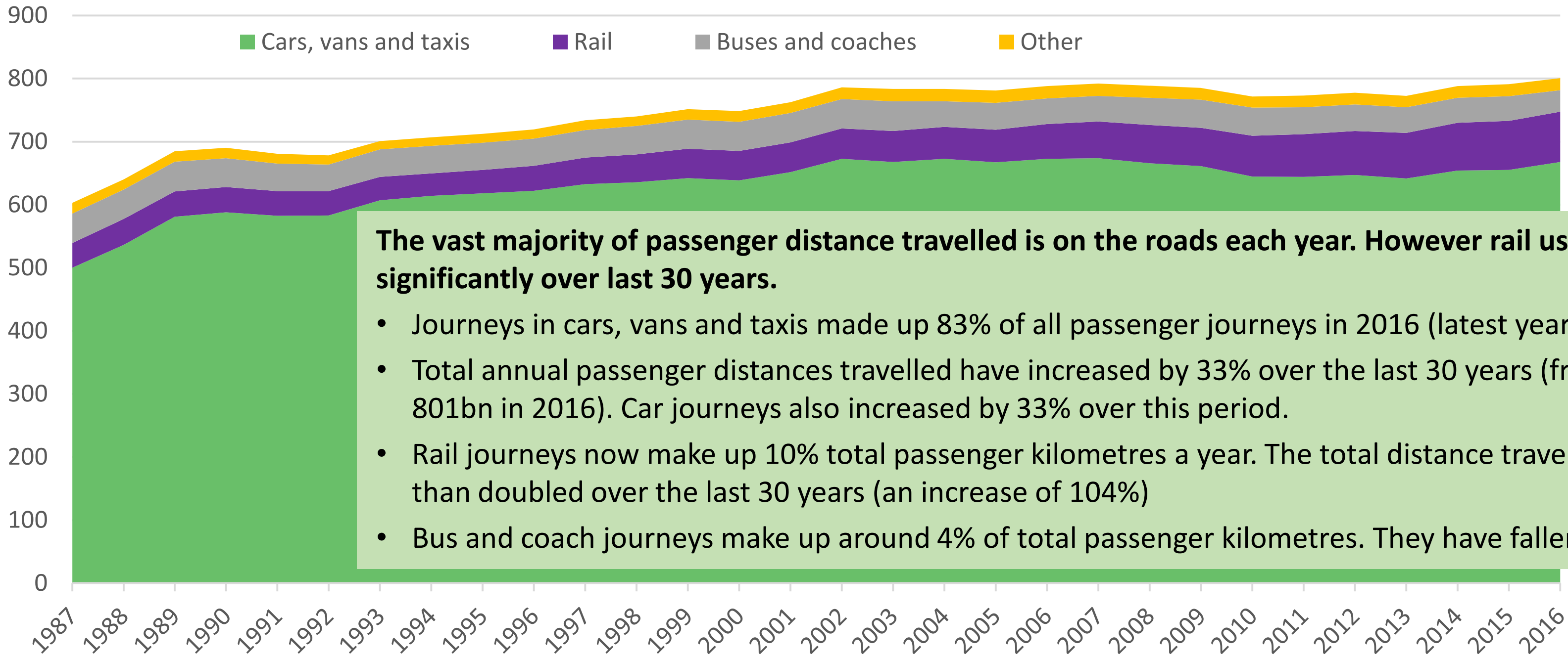
- Day-to-day **Resource DEL spending is dominated by spending on roads** (mostly by Highways England) – the net total spending for 2018-19 is forecast to be around £2.5bn (67% of total Resource DEL).
- **Net Income from Passenger Rail Services has fallen** from £1.2bn in 2016-17 to a forecast of £0.3bn in £2018-19 – a fall of around 70% in two years.
- **There is now no GLA transport grant for London** from the RDEL budget – this grant amounted to £0.6bn in 2015-16 and over £1 billion in the years before.

Investment Spending (Capital DEL and Network Rail): Split by area

- **Network Rail investment in the railways is the largest area of transport capital spending** – this is included in AME budget. Network Rail investment is forecast to fall to £5.3bn in 2018-19 – a £1.3bn reduction (20% fall) compared to the prior year total of £6.6bn.
- **Investment in High Speed 2 has been increasing since 2015-16** and is forecast to increase further. In previous years some spending on HS2 was included in other budget lines (and is included in "Other transport funding" in the chart below). Nevertheless even if these is taken into account the forecast increase in investment in 2018-19 is significant (an increase of £1.1bn, around 60%, compared to the prior year).
- **Funding for local authority transport investment has declined** since 2015-16 (most of this is for roads). The budget for 2018-19 is 28% lower in real terms than the 2015-16 budget.
- DfT investment in London (in the form of the GLA transport grant and Crossrail grant) has also fallen as the GLA grant is phased out and Crossrail investment comes to an end.



Passenger kilometres a year (billions) over last 3 decades – 1987-2016



The vast majority of passenger distance travelled is on the roads each year. However rail use has increased significantly over last 30 years.

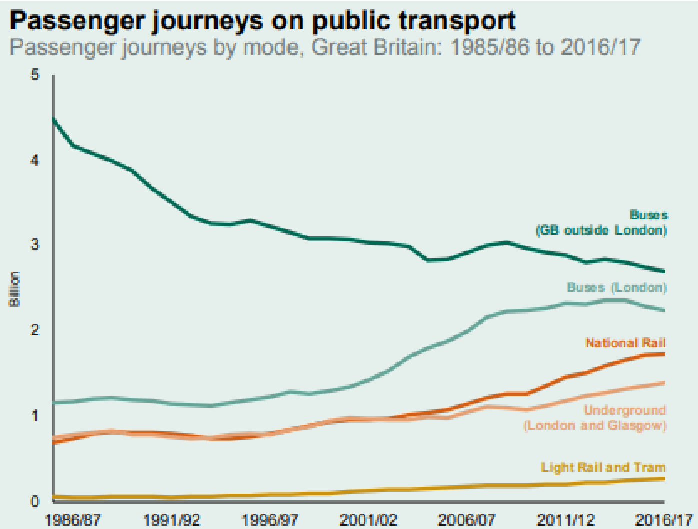
- Journeys in cars, vans and taxis made up 83% of all passenger journeys in 2016 (latest year of available data)
- Total annual passenger distances travelled have increased by 33% over the last 30 years (from 603bn in 1987 to 801bn in 2016). Car journeys also increased by 33% over this period.
- Rail journeys now make up 10% total passenger kilometres a year. The total distance travelled each year has more than doubled over the last 30 years (an increase of 104%)
- Bus and coach journeys make up around 4% of total passenger kilometres. They have fallen over the last 30 years.

Source: [DfT statistics, Modal Comparisons, Table TSGB0101]

Rail takes passengers further but the majority of public transport journeys are on buses

- 59% of all public transport journeys are local bus passenger journeys.
- Bus journeys within London have increased over the last 30 years but outside of London they have decreased.
- The number of light rail, rail and underground journeys have increased over last 30 years.

Source for chart: [DfT Transport Statistics GB 2017, November 2017]



4,941 million local bus passenger journeys in Great Britain in 2016/17, 59% of all public transport journeys

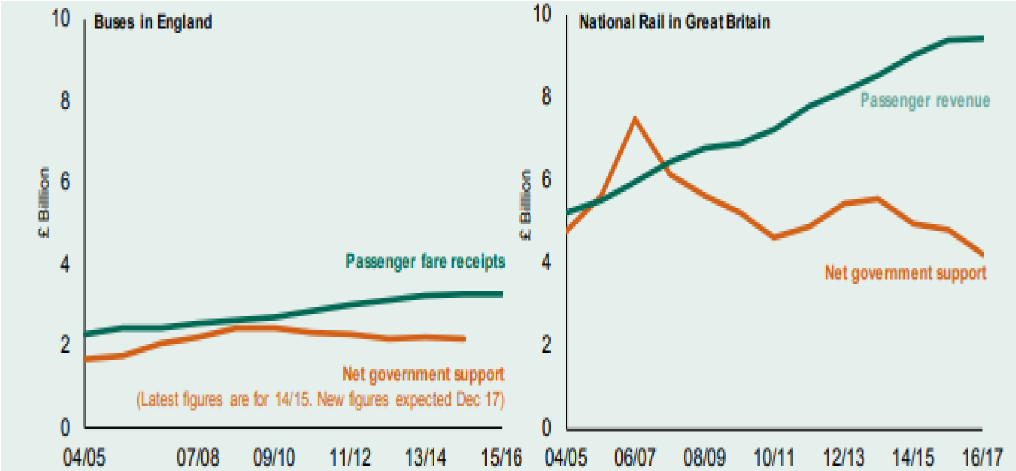
1,731 million National Rail passenger journeys in Great Britain, an increase of 152% since 1985/86

273 million passenger journeys on light rail and tram systems in Great Britain, a record level since comparable records began

Net government support for public transport has fallen in recent years

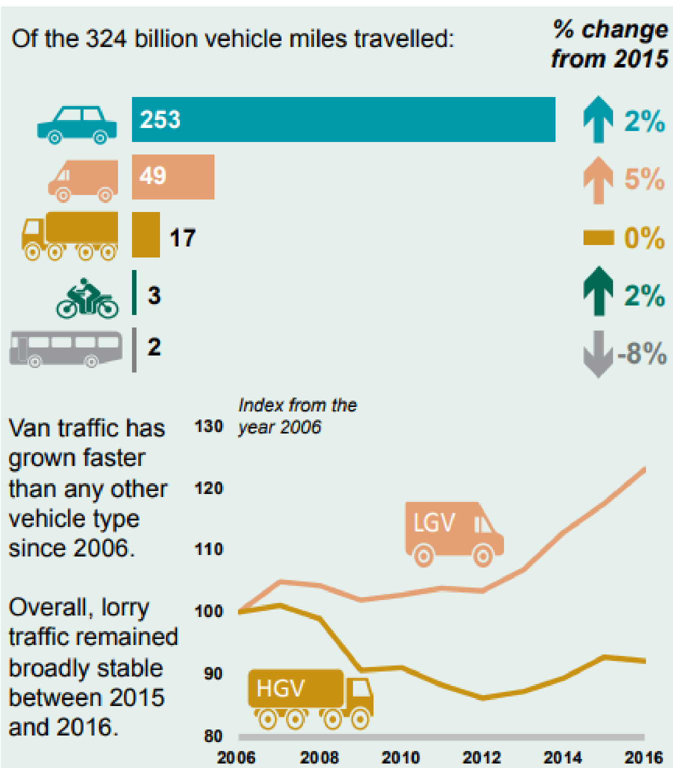
- Net government support for rail is now lower than it was ten years ago – the government has relied on increased passenger revenue. However the most recent data shows that this revenue is now starting to fall as well (see slide 12).
- Net government support for buses has also fallen since 2009.

Revenue and government support – 2004-05 to 2016-17



Source for chart: DfT Transport Statistics GB 2017, November 2017

Road traffic by vehicle type

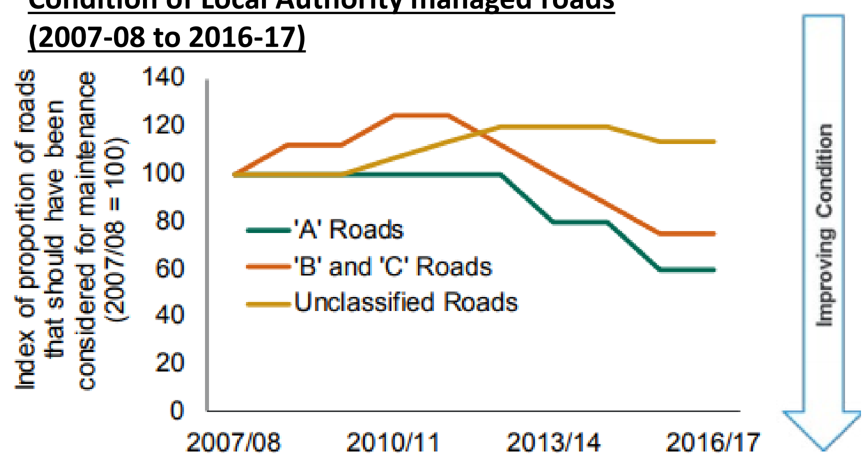


Source for chart: DfT Transport Statistics GB 2017, November 2017

Up until 2017 road conditions were improving

- According to the latest DfT statistics the proportion of local authority managed 'A', 'B' and 'C' roads that needed maintenance in 2017 had fallen since 2012.
- However these figures do not capture the cold winter of late 2017/early 2018.
- According to the AA insurance claims and breakdown calls due to pothole damage increased significantly at the start of 2018 compared to the previous year.

Condition of Local Authority managed roads (2007-08 to 2016-17)



Source for chart: DfT, Road conditions in England 2017, January 2018