



Department
for Transport

Memorandum on the Supplementary Estimate 2015-16

February 2016

The Department for Transport has actively considered the needs of blind and partially sighted people in accessing this document. The text will be made available in full on the Department's website. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR
Telephone 0300 330 3000
Website www.gov.uk/dft
General enquiries <https://forms.dft.gov.uk>

© Crown copyright 2015

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos or third-party material) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence **OGL** or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Contents

Introduction	4
Executive summary	5
Table 1 Estimate provision by budgetary limits.....	6
Table 1.1 ring-fenced depreciation in RDEL.....	6
Table 1.2 Key changes in DEL and AME.....	7
1. Main reasons for changes in Supplementary Estimate	9
2015/16 underspends and support for the wider fiscal position	9
Tolled Crossings	9
Local Authority Transport	10
Highways England	10
Departmental Unallocated Provision (DUP).....	11
Network Rail	11
2. Detailed explanation of changes by Estimate Section	13
Voted DEL.....	13
Non-voted DEL.....	16
Voted AME.....	16
3. Other changes in the Supplementary Estimate	18
Transfers to and from other Government Departments.....	18
Budget Exchange.....	18
Changes to Estimate lines.....	18
Contingent liabilities or guarantees.....	19
Annex A: Detailed Comparison between 2015-16 Main Estimate and Supplementary Estimate	22
Annex B: Glossary of Terms.....	28

Introduction

The Department for Transport's (DfT) Supplementary Estimate for 2015-16 seeks the necessary resources and cash to support the functions of the Department, its agencies and arm's length bodies. The Estimate provides a final opportunity to ensure that the Department has the necessary resources and cash for the remainder of the financial year.

The purpose of this Memorandum is to provide the Transport Select Committee with an explanation of how the resources and cash sought in the Main Estimate have changed since its approval.

This Memorandum has been prepared according to the requirements set out in the guidance manual on supply estimates provided by HM Treasury and has been approved by the Departmental Accounting Officer.

A glossary of key terms used in the memorandum is provided at Annex A.

Philip Rutnam
Accounting Officer
Permanent Secretary

Executive summary

1. The Supplementary Estimate reflects a number of changes to both DEL and AME totals and shows the movement in the Net Cash Requirement.
2. Tables 1.0 and 1.1 below, show the net changes sought in the Supplementary against the Main Estimate.
3. There is a net reduction of £596m in resource DEL, net reduction of £96m in capital DEL, net increase of £3.9bn in resource AME and net reduction of £434m capital AME. The resource DEL reduction includes a reduction of £160m in non-cash (depreciation). The Department's Net Cash Requirement is also reduced by £494m.
4. Table 1.2 below, provides a summary of key changes in the provision sought in the Supplementary Estimate.

Table 1.0 - 2015-16 Estimate provision by budgetary limits

£'000	Main Estimate 2015-16	Supplementary Estimate 2015-16	Variance
Resource Departmental Expenditure Limit (RDEL)	3,755,908	3,159,938	-595,970
Of which:			
<i>Administration budget</i>	274,949	278,260	3,311
<i>Programme budget</i>	3,480,959	2,881,678	-599,281
Capital Departmental Expenditure Limit (CDEL)	6,089,902	5,993,426	-96,476
Resource Annually Managed Expenditure (RAME)	5,427,469	9,343,608	3,916,139
Capital Annually Managed Expenditure (CAME)	7,079,589	6,645,686	-433,903
Net Cash Requirement (NCR)	20,470,664	19,976,293	-494,371

Table 1.1 - Ring-fenced depreciation in Resource DEL

£'000	Main Estimate 2015-16	Supplementary Estimate 2015-16	Variance
Depreciation	1,337,000	1,177,000	-160,000

Table 1.2 Key changes in DEL and AME

Description	£m	RDEL	CDEL	RAME	CAME
Non-cash reduction due to the way depreciation is calculated in Highways England		-192.93			
DUP aligned to overall spending plans		-95.80			
Reduction in Passenger Rail Service aligned to revised spending plans and additional income from the rail franchises		-89.86			
Reduction in Other Railways aligned to revised spending plans		-95.40			
Increase in pensions provisions in Other Railways				94.5	
Resource to CDEL switch in Local Authority Transport to align to revised spending plans		-62.70			
Increase in capital costs for Highways England in line with agreed spending plans			143.6		
Resource to CDEL switch in Local Authority Transport to support flood/other costs			192.25		
Reduction in capital in HS2 to align with spending plans			-145.61		
Reductions in capital provisions for HS2 & HE					-35.4
Reduction in capital due to surrender of receipts for Humber Bridge & Severn River Crossing			-285.48		
Resource to capital switch and other changes to align to revised spending plans		-59.26	-1.5		
Increase in RAME for Network Rail, £3.5bn relates to non-cash (depreciation) due to asset valuation, £300m due to internal switch and £901m non-cash cover for hedging derivatives				4,718	
Reduction in non-cash AME to provide cover to Network Rail for hedging derivatives				-900.8	
Capital reduction in Network Rail due re-phasing of projects					-398.5
Net Changes		-595.97	-96.74	3,911.7	-433.9

Net Cash Requirement (NCR) - there is a reduction of £494m in the Department's NCR, which mainly reflects revisions to Network Rail's loan facility drawdown. A lower loan requirement is aligned to revised spending plans and re-phasing of capital projects.

Ring-fenced depreciation - there is a net reduction in the Department's depreciation forecast, which is mainly due to a change in the way Highways England is calculating its depreciation requirement.

1. Main reasons for changes in Supplementary Estimate

- 1.1 The following section looks at the main reasons for changes made in the Supplementary Estimate.

2015/16 underspends and support for the wider fiscal position

- 1.2 The Department has continued to review the full year forecast position across its agencies and arm's length bodies and has used the Supplementary Estimate to align expenditure plans to resource and cash requirement. This includes a switch of £238m from resource to capital DEL.
- 1.3 The spending plans for the Department reflect an agreed surrender of underspend (£206m resource and £334m capital) to HM Treasury in support of the wider fiscal position. The capital underspend mainly arises from the surrender (£286m) of Humber Bridge and Severn River Crossing loan repayments (see paragraph 1.5). The resource underspend mainly reflects the additional income from rail franchises, which is driven partly by a continuing strong trend in demand for rail travel. In addition, net £160m non-cash depreciation from Highways England is also surrendered (refer to paragraph 1.7).
- 1.4 The Department has agreed with HM Treasury to retain additional underspend of £150m, which comes from various areas of the Department and is intended to cover winter weather and other contingencies should they arise. This includes a total of £49m towards flood recovery work already announced by the Government.

Tolled Crossings

- 1.5 **Humber Bridge and Severn River Crossing - Reduction of £286m capital DEL - Section A.** The Humber Bridge Board has now repaid in full the balance of the outstanding loan (£172m) with the Department. This was paid over directly to HM Treasury at the beginning of the financial year (due to the one-off nature and high value of the transaction). However, the Treasury subsequently ruled that the Department should recognise the receipt and adjust through the Supplementary Estimate. The Department is not able to use the spending power and as a result has reduced its capital DEL as part of the overall surrender to support the fiscal position. A similar scenario has arisen with the Humber Bridge

in that the full value of the outstanding loan (£114m) has now been repaid early by the Severn Crossing operator. This has resulted in the Department reducing its capital DEL as part of the overall surrender of underspend.

Local Authority Transport

- 1.6 Flooding and resource/ capital DEL switch - Increase of £192m capital - Section B.** To help manage the capital expenditure plans, the Supplementary Estimate is used to switch savings from resource to capital DEL. The Department is using capital provision to cover committed spending on flood recovery following the recent floods impacting Cumbria and Lancashire. For example, the biggest project funded is the Highways England-led reconstruction of A591, a key north-south route through the Lake District National Park, sections of which were washed away by Storm Desmond. Provisions will also be used to cover financial risk, including those arising from any further extreme weather events to the end of this financial year.

Highways England

- 1.7 Asset valuation - Reduction of c.£193m in non-cash depreciation - Section B.** The reduction of the depreciation charge is as a result of a number of factors including the level of inflation, the amount of capital investment made in HE network, the volume of traffic and hence the condition of the road surface. Budget set at the Main Estimate was in advance of these factors becoming certain and some of which are influenced by external factors. With the continuous review of these factors, current estimation shows a net overall reduction in the depreciation charge against the Main Estimate budget. The net £160m depreciation budget is now surrendered to HM Treasury.
- 1.8 Capital spend - Planned increase of c.£144m in capital expenditure - Section B.** This relates to the agreed additional funding provided to HE to cover specific projects, some of which had commitments carried over from previous years and initial costs related to Operation Stack. Majority of the expenditure is related to the following:
- *Pinch Point Programme* (£59m), which formed part of the Government's growth initiative, outlined in the Chancellor's Autumn Statement in November 2011. At the time, funding was allocated to deliver focused improvements to the Strategic Road Network during the period 2012/13 to 2014/15.
 - *Dartford Free Flow Project* (£27m) - this project began to operate in November 2014 with infrastructure works running through to 2015. Work should be substantially complete by 2015/16. Free-flow charging is part of a package of planned improvements being carried out by HE to improve motorists' experiences in using the Dartford Crossing.
 - *Small Network Improvements* (£54m) - HE have a programme of small improvement schemes. This programme was continued with

commitments being made running into 2015/16. The programme of works make contributions towards the Road Improvement Strategy (RIS) performance requirements, such as improvements to accident hot-spots, local safety initiatives or relate to economic development to improve traffic flows, accessibility, and technology.

- 1.9 Operation Stack - Increase of £4m capital - Section B.** HE has been provided an additional £4m of funding relating to the initial investment being made to fund early consultation, development and design work on the long term solution to alleviate Operation Stack in Kent. This is part of the £250m, announced by the Government in the Autumn Statement, of additional funds being made available to deliver the solution over the next 2 years. Highways England is taking forward the public consultation and various options will be considered.

Departmental Unallocated Provision (DUP)

- 1.10 Allocation of £96m from the DUP - Section O.** As part of the internal business planning work at the beginning of the financial year, a DUP of £96m resource DEL was created. Following a review of in-year spending plans, the full amount in the DUP is now allocated to various areas of the Department.

Network Rail

- 1.11 Asset valuation - Increase of £3.5bn non-cash (depreciation) in RAME - Section T.** This follows the adoption of Depreciated Replacement Cost (DRC) as the basis for valuing the rail network in the Department's accounts. The total asset value identified under the DRC basis is subject to audit. Therefore, the depreciation forecast reflected in the Supplementary Estimate is subject to revision when the final valuation figures are agreed.

- 1.12 Derivatives - Increase of £901m non-cash AME - Section T.** Network Rail has historically used financial derivatives to manage the exposure to interest rate and foreign currency risk arising from its previous borrowings. Interest rate risk has been managed and reduced via interest rate swaps, including pre-hedging of interest rates on future borrowings. Network Rail has in the past bought derivatives, such as interest rate swaps, to offset changes in the prices of their borrowing arrangements, or purchases of plant. This helped them to forecast their financial position more accurately over a five-year control period, and to plan other aspects of their budgets and activities more effectively over that period.

Following Network Rail's reclassification to central government, their future borrowings will now come from the Department, so – looking at central government as a whole – there is no external borrowing to offset these derivatives against. The changes in the value of these derivatives now therefore, score against (or credit) AME. The value of derivatives

can be volatile; it is not possible to forecast the year-end position with any certainty even at the Supplementary Estimates stage.

DfT was carrying a centrally held and Treasury approved non-cash AME budget (£901m) which is now transferred to Network Rail to manage the derivatives position.

2. Detailed Explanation of Changes by Estimate Section

- 2.1 Explanations for large variances are given below for each Estimate Line.
- 2.2 A breakdown of provision by programmes within each Estimate line showing comparison between the 2015-16 Main Estimate and 2015-16 Supplementary Estimate is set out at **Annex A**.

Voted DEL

Section A – Tolled Crossings

- 2.3 Resource + £39.687m: Majority of the net increase relates to transfers from Departmental Unallocated Provisions (Section O) of £33.6m; from Highways England (Section C) of £32.9m; reduction of £17.1m as part of surrender and transfer to Local Authority Transport (Section B); transfer to Motoring Agencies (Section L) of £3m.
- 2.4 Capital -£286m: -£172m relates to Humber Bridge and -£114m to Severn River Crossing receipts. Extra spending power was not used and forms part of the surrender.

Section B - Local Authority Transport

- 2.5 Resource -£62.7m: The majority of the reduction relates to £105.8m RDEL/CDEL switch; £30m surrender; transfer of £55.8m from Support for Passenger Rail Services (Section P); transfer of £7.3m from Tolled Crossings (Section A); uplift of £10m for Transport for the North (as part of the Summer Budget 2015).
- 2.6 Capital +£192.2m: The majority of the net increase relates to £95m RDEL/CDEL split; transfer of £24m from Sustainable Travel (Section F); £30.2m from Aviation, Maritime, Security and Safety (Section J); £34.7m from Funding of Other ALBs (Section D); £6.4m transfer from High Speed Two (Section Q); £2m transfer from Highways England (Section C).

Section C - Highways England

- 2.7 Resource -£192.9m: This relates to reduction in depreciation as a result of a review and change in asset valuation policy of Highways England. £160m surrender; £32.9m transfer to Highways England (Section A).

- 2.8** Capital +£143.6m: The majority of the net increase relates to £61m RDEL/CDEL split and £84.6m transfer from High Speed Two (Section Q).

Section D – Funding of Other ALBs (net)

- 2.9** Administration -£3m: Consequence of agreed reclassification of part of Passenger Focus spend as Programme.
- 2.10** Resource -£26m: This relates to additional income in Air Travel Trust Fund, majority of which (-£22m) was part of the Department's overall surrender to HM Treasury.
- 2.11** Capital -£34.2m: This relates to Phase One HS2 Ltd forecast which was transferred to Local Authority Transport (Section B).

Section E - Other railways

- 2.12** Resource -£95.4m: The majority of the net reduction relates to £100m towards RDEL/CDEL switch and £32m Surrender to HM Treasury, offset by a transfer from Departmental Unallocated Provision (Section O) of £39m.

Section F - Sustainable Travel

- 2.13** Resource -£2.4m: This relates to various movements between programmes.
- 2.14** Capital +£30.6m: The majority relates to £40m from RDEL/CDEL switch; £7m from Bus Subsidies and Concessionary Fares (Section G); £5m from Motoring Agencies (Section L); £4m from High Speed Two (Section Q) and transfer of £24m to Local Authority Transport (Section B).

Section G - Bus Subsidies and Concessionary Fares

- 2.15** Resource +£6.5m: The majority of net increase relates to £4m transfer from Departmental Unallocated Provision (Section O) and £3m uplift from HM Treasury for Midlands Connect which was announced at the summer Budget 2015.
- 2.16** Capital -£7m: This relates to £7m transfer to Sustainable Travel (Section F).

Section H – GLA transport grants

- 2.17** Resource -£37.5m: The majority (£33m) forms part of the surrender to HM Treasury, with a transfer of £5m to Science, research and support functions (Section M).

Section I – Crossrail

2.18 Resource +£5m: This relates to a transfer from Other Railways (Section E).

Section J - Aviation, Maritime, Security and Safety

2.19 Resource -£4.3m: The majority of the net reduction relates to £7m RDEL/CDEL switch; transfer of £2m from High Speed Two (Section Q) and a £0.6m transfer from the Cabinet Office for National Cyber Security Programme (NCSP).

2.20 Capital +£9.8m: The majority of net increase relates to RDEL/CDEL switch of £40m and transfer of £30m to Local Authority Transport (Section B).

Section K – Maritime and Coastguard Agency

2.21 Resource -£4.5m: The majority relates to a transfer of £3m to Sustainable Travel (Section F).

Section L - Motoring Agencies

2.22 Resource -£13.5m: The majority of this relates to transfer of £3m from Tolled Crossings (Section A), £2m transfer from Funding of Other ALBs (Section D) and £18m surrender to HM Treasury.

2.23 Capital -£1.5m: This relates to various movements of small amounts.

Section M – Science, research and support functions

2.24 Resource +£1m: This relates various movements of small amounts in programmes.

Section N – Central Administration

2.25 Administration +£6.6m: This relates to agreed switch from Programme.

2.26 Resource -£15.7m: The majority relates to transfer of £5.5m to the Cabinet Office for Verify programme and £8.4m agreed switch to Admin of which £7m is to cover preparation for Sale of Shares in Kings Cross and the Shaw report into Network Rail.

Section O- Departmental Unallocated Provision

2.27 Resource -£95.8m: distributed to various areas within the Department. The major elements are £39m to Other Railways (Section E), £34m to Tolled Crossings (Section A), £10m to Aviation, Maritime, Security and Safety (Section J), £7.4m to Sustainable Travel (section F), £3.8m to Bus Subsidies and Concessionary Fares (Section G) and £2m to High Speed Two (Section Q).

Section P – Support for Passenger Rail Services

2.28 Resource -£89.9m: £33m relates to surrender to HM Treasury and £56m transfer to Local Authority Transport (Section B).

Section Q – High Speed Two

2.29 Resource -£14.9m: The majority of net reduction relates to £11m RDEL/CDEL switch and £5m Transfer to Other Railways (Section E).

2.30 Capital -£145.6m: The majority of £49m relates to the surrender to HM Treasury; £85m transfer to Section C (Highways England (net)); £6m to Local Authority Transport (Section B) and £4m to Sustainable Travel (Section F). (Mainly due to inactivity in the non-compensation scheme acquisition budget.)

Non-voted DEL

Section R - Funding of Other ALBs (net)

2.31 Resource +£4.3m: This relates to a transfer from Voted Funding of Other ALBs (Section D) of £4m majority of which relates to depreciation for General Lighthouse Authorities.

Voted AME

Section S - Highways England (net)

2.32 Resource -£19.5m: The reduction relates to impairments and is aligned to the latest forecast.

2.33 Capital -£19.5m: Relates to Capital Provisions.

Section T – Network Rail (net)

2.34 Resource AME +£4,718bn: Agreed increase of £3,817m of which £3,518m relates to depreciation and the balance relates to an internal

transfer of £900.8m from Central Administration (Section AA) in regard of ring-fenced non-cash derivatives cover.

- 2.35** Capital AME -£398.5m: Reduction due to Network Rail changing their asset valuation method and re-phasing of projects.

Section U - Funding of Other ALBs (net)

- 2.36** Resource +£24.1 m: The majority relates to British Transport Police Authority pension provisions. Figures include a holding amount of £25.7m to deal with any issues arising from the Government Actuary Department's (GAD) Report.

Section V - Other railways

- 2.37** Resource +£94.5m: This relates to an increase in Finance & Planning Pension provision. Figures include a holding amount of £100m to deal with any issues arising from the Government Actuary Department's (GAD) Report.

Section AA - Central Administration

- 2.38** Resource -£900.8m: Transfer to Network Rail to provide budget cover for derivatives.

Section AB – High Speed Two

- 2.39** Capital -£16m: Relates to Capital Provisions.

3. Others Changes in the Supplementary Estimate

3.1 This section provides details of a number of other changes impacting the Supplementary Estimate.

Transfers to and from other Government Departments

3.2 The following provide details of transfers to and from other Government Departments:

- **Science, Research and Support Functions** (Section M) - transfer of £0.36m resource as contribution to the Cabinet Office for Cross Government Secure IT (FOXHOUND).
- **Central Administration** (Section N) - transfer of £5.5m resource as contribution to the Cabinet Office Verify programme.
- **Central Administration** (Section N) - transfer of £0.15m resource to HM Treasury for Financial Management Review.
- **Central Administration** (Section N) - transfer of £0.05m resource to the Department of Health contribution towards the Government Finance Academy.
- **Aviation, Maritime, Security and Safety** (Section J) - transfer in of £0.636m resource from the Cabinet Office for National Cyber Security Programme.

Budget Exchange

3.3 No Budget Exchange is being sought in the Supplementary Estimate.

Changes to Estimate lines

3.4 An Estimate row for High Speed Two to record AME capital provisions is requested.

Contingent liabilities or guarantees

3.5 The following four **statutory liabilities** have been revised:

- **Land Compensation Act 1973**, Part I: Highways England Co Ltd: Possible obligations in relation to land and property acquisitions. Increased from £157.7m to £246.7m

Reason for change: This is an increase in the Highways England Co. Ltd land and property acquisitions contingent upon PRA since last year.

- **Railways Act 1993**, Transport Act 2000: Contingent liabilities arise from signing of new, replacement and extended passenger rail franchise agreements, and other agreements to encourage railways investment. Reduced from £5.3bn to £4.7bn.

Reason for change: This amount largely reflects S54 guarantees over rolling stock, issued to franchises over the term of the lease/franchise, which reduce annually as the franchise/lease end date draws close. £440m Re HS1 is now separately disclosed in CTRL Act 1996 (see below in paragraph 3). Smaller reductions across various other guarantees.

- **CTRL Act 1996:** Undertaking under the HS1 concession agreement.

Reason for change: Was originally estimated at £440m and grouped with other Rail industry guarantees. Following a detailed review, now disclosed at the correct value of £3bn.

- **Town and Country Act 1990:** The Department has issued a Safeguarding Order for the proposed route of HS2. This creates an obligation on the Department to purchase properties that have been blighted. Reduced from £1.36m to £940k.

Reason for change: Reduction in the assessment of possible costs of legal claims in relation to HS2 property purchases.

3.6 The following **non-statutory liabilities** have been revised:

- **Reinstatement of International Maritime Organisation (IMO)** building, and abatement of rent, if IMO building destroyed; and rehousing of IMO during rebuilding. Small reduction from £68m to £66m.
- **Deficit liability for Employees transferred from Kent County Council to Highways Agency.** Increased from £5m to £10m due to change in the actuarial valuation.

- **Highways England Co Ltd third party claims:** Reduced from £8.8m to £5.8m.

Reason for change: Decrease in Highways England Co Ltd *Red Claims* since last year- litigation for property damage and personal injury.

- In 2008 the Secretary of State entered into **quantifiable (disclosed) and unquantifiable indemnities** under the **Crossrail Sponsor's Agreement and the Project Development agreement** (between DfT and TfL as joint sponsors and the Project Delivery Agency (Crossrail Limited)). Increased from £3.758bn to £3.839bn.

Reason for change: £81.5m increase in the (recoverable) wind down costs payable to TfL by the Department, reflecting another year's expenditure on the Crossrail project.

- In 2013 the Secretary of State agreed to **quantifiable (disclosed) and unquantifiable assurances**, warranties, indemnities and potential losses under the **Thameslink Rolling Stock contracts with Siemens, Network Rail and Cross London Trains.** Reduced from £1.705bn to £1.701bn.

Reason for change: One liability has lapsed leading to the £4m reduction.

- **Guarantees issued by Network Rail to financial institutions -** Network Rail has guarantees in place with HSBC in relation to a BACS facility and a credit facility. Most of the increase relates to the BACS facility. Increased from £418m to £454m.

Reason for change: £36m increase in the value of guarantees identified.

- **Other contingent liabilities.** Including legal claims: Increased from £85.4m to £87.4m.

Reason for change: One £10m SOSRA lapsed, offset additional £12m legal claims from Arm's Length bodies.

3.7 New additions to **non-statutory liabilities:**

- **Highways England Co Ltd. Carriageway Pavement defects claim:** £3m
- In 2012 the Secretary of State agreed to **quantifiable (disclosed) and unquantifiable assurances**, warranties, indemnities and

potential losses under the Inter City Express Rolling Stock contracts with Agility Consortium and Network Rail. £50m

Reason for adding: IEP liability in relation to TUPE staff transfer as a provision, but now a contingent liability due to reduced assessment of probability.

- **International Oil Pollution Compensation Fund (IOPCF) Building -** obligations under the agreement to fund alternative accommodation in the event of the building becoming partially or completely destroyed. £400m

Reason for adding: Commitment to relocate the IOPCF Secretariat from the IOPCF building reinstated.

Annex A: Detailed Comparison between 2015-16 Main Estimate and 2015-16 Supplementary Estimate

				Main Estimate	Supplementary Estimate	Variance	Variance
Section	Column		Programme	2015-16	2015-16		
				£m	£m	£m	%
VOTED DEL							
A		Tolled Crossings					
	4		Tolled Crossings	0.7	0.7	0.0	0.0
	4		Dartford Crossing Tolls	0.0	48.1	48.1	0.0
	5		Dartford Crossing Tolls	-92.0	-145.6	-53.6	58.3
	5		Tolled Crossings	-45.2	0.0	45.2	-100.0
	6		Resource programme net total	-136.5	-96.8	39.7	-29.1
	7		Dartford Crossing Tolls	0.0	0.0	0.0	0.0
	7		Tolled Crossings	0.0	0.8	0.8	0.0
	8		Tolled Crossings	0.0	-286.2	-286.2	0.0
	9		Capital net total	0.0	-285.5	-285.5	0.0
B		Local Authority Transport					
	4		LA Major Schemes	0.5	7.7	7.2	1,441.6
	4		LA Maintenance	80.0	0.0	-80.0	-100.0
	4		LA PFI Schemes	321.4	321.4	0.0	0.0
	4		Northern Transport Strategy	0.0	10.0	10.0	0.0
	4		Other LA Schemes	1.0	1.1	0.1	6.6
	6		Resource programme net total	402.9	340.2	-62.7	-15.6
	7		LA Road Maintenance	880.5	1,086.8	206.2	23.4
	7		Other LA Schemes	0.0	0.0	0.0	0.0
	7		Integrated Transport Block Grant	258.0	258.0	0.0	0.0
	7		LA Major Schemes	344.0	330.0	-14.0	-4.1
	9		Capital net total	1,482.5	1,674.8	192.2	13.0
C		Highways England ALB (net)					
	1		HE administration	56.1	56.1	0.0	0.0
	3		Administration net total	56.1	56.1	0.0	0.0
	4		Making better use of the network	630.4	557.5	-72.9	-11.6
	4		Maintenance	226.3	291.2	64.9	28.7
	4		Traffic Officer Services	158.3	166.5	8.2	5.2
	4		Associated costs of investment	1,204.9	1,011.8	-193.1	-16.0
	6		Resource programme net total	2,219.8	2,026.9	-192.9	-8.7
	7		HE administration	0.0	0.0	0.0	0.0
	7		Capital programme	1,782.0	1,925.6	143.6	8.1
	9		Capital net total	1,782.0	1,925.6	143.6	8.1
D		Funding of Other ALBs (net)					
	1		Passenger Council	5.0	1.1	-3.9	-77.6
	1		High Speed 2	6.0	6.9	0.9	14.4
	1		Air Travel Trust Fund	0.5	0.5	0.0	1.3
	3		Administration net total	11.5	8.5	-3.0	-26.4
	4		Directly Operated Railways	2.0	1.7	-0.3	-15.7
	4		British Transport Police	80.5	84.1	3.6	4.5
	4		High Speed 2	41.8	33.1	-8.7	-20.9
	4		Passenger Council	0.0	3.9	3.9	0.0
	4		Air Travel Trust Fund	-14.1	-38.6	-24.5	173.1
	6		Resource programme net total	110.2	84.2	-26.0	-23.6
	7		British Transport Police	20.2	19.9	-0.3	-1.4
	7		High Speed 2	365.7	331.8	-33.9	-9.3
	7		Directly Operated Railways	0.0	0.0	0.0	0.0
	9		Capital net total	385.9	351.7	-34.2	-8.9

				Main Estimate	Supplementary Estimate	Variance	Variance
Section	Column		Programme	2015-16	2015-16		
				£m	£m	£m	%
E		Other railways					
	4		Rail Strategy and Stakeholder Relations				
			Community Rail	10.6	11.4	0.9	8.2
	4		British Rail Board Residuary	5.3	2.5	-2.8	-53.3
	4		Rail projects	35.4	9.5	-26.0	-73.3
	4		London and Continental Railways	0.6	0.4	-0.1	-19.8
	4		Channel Tunnel Rail Link Eurotunnel	311.5	291.4	-20.1	-6.4
	4		Rail pensions	19.1	33.2	14.1	73.8
	4		Rail Grants including Nexus	150.6	141.4	-9.2	-6.1
	4		HS1 and Ashford	42.4	49.0	6.5	15.4
	4		HLOS 2	46.9	0.5	-46.4	-98.9
	4		Intercity Express Programme	0.0	2.4	2.4	0.0
	5		British Rail Board Residuary	-6.2	-3.1	3.1	-49.9
	5		Channel Tunnel Rail Link Eurotunnel	-263.4	-280.7	-17.3	6.6
	5		Rail Strategy and Stakeholder Relations Com	0.0	-0.6	-0.6	0.0
	5		Rail projects	0.0	0.0	0.0	0.0
	5		HS1 and Ashford	-54.4	-54.4	0.0	0.0
	6		Resource programme net total	298.3	202.9	-95.4	-32.0
	7		London and Continental Railways	0.0	0.0	0.0	0.0
	7		Rail projects	41.9	42.1	0.3	0.7
	7		Rail Grants including Nexus	31.0	31.0	0.0	0.0
	7		HLOS 2	0.0	0.0	0.0	0.0
	8		London and Continental Railways	0.0	0.0	0.0	0.0
	9		Capital net total	72.9	73.1	0.3	0.4
F		Sustainable Travel					
	4		Cleaner Vehicles & Low Carbon	59.8	46.5	-13.3	-22.3
	4		Smart and integrated ticketing	18.2	24.2	6.0	32.9
	4		Freight grants	18.3	20.7	2.4	13.2
	4		Cycling England	6.1	6.1	0.0	0.0
	4		Sustainable Transport	71.4	74.1	2.7	3.7
	5		Freight grants	0.0	-0.1	-0.1	0.0
	5		Smart and integrated ticketing	-0.1	-0.1	0.0	18.1
	6		Resource programme net total	173.7	171.2	-2.4	-1.4
	7		Cleaner Vehicles & Low Carbon	279.5	263.1	-16.4	-5.9
	7		Smart and integrated ticketing	25.8	16.8	-9.0	-34.8
	7		Freight grants	-0.1	-0.3	-0.2	131.4
	7		Sustainable Transport	30.0	15.0	-15.0	-50.0
	7		Cycling	0.0	15.5	15.5	0.0
	8		Smart and integrated ticketing	-0.4	-0.4	0.0	0.0
	8		Cleaner Vehicles & Low Carbon	-70.0	-14.3	55.7	-79.6
	9		Capital net total	264.9	295.5	30.6	11.6
G		Bus Subsidiaries and Concessionary Fares					
	4		Bus Service Operator Grant	238.0	239.5	1.5	0.6
	4		Accessibility	2.0	1.6	-0.4	-20.5
	4		Concessionary Fares	2.5	7.8	5.3	212.6
	5		Bus Service Operator Grant	0.0	0.0	0.0	0.0
	6		Resource programme net total	242.5	248.9	6.5	2.7
	7		Bus Service Operator Grant	28.1	21.1	-7.0	-24.9
	9		Capital net total	28.1	21.1	-7.0	-24.9
H		GLA Transport grants					
	4		Transport for London grant	629.0	591.5	-37.5	-6.0
	6		Resource programme net total	629.0	591.5	-37.5	-6.0
	7		Transport for London grant	925.0	925.0	0.0	0.0
	9		Capital net total	925.0	925.0	0.0	0.0
I		Crossrail					
	4		Crossrail	0.0	5.0	5.0	0.0
	6		Resource programme net total	0.0	5.0	5.0	0.0
	7		Crossrail	800.0	800.0	0.0	0.0
	9		Capital net total	800.0	800.0	0.0	0.0

Section	Column	Programme	Main Estimate 2015-16 £m	Supplementary Estimate 2015-16 £m	Variance £m	Variance %
J		Aviation, Maritime, Security & Safety				
	4	Maritime	6.8	6.7	-0.1	-1.6
	4	Aviation	77.7	62.4	-15.3	-19.7
	4	Transport security	8.0	8.6	0.6	7.8
	4	Marine Accident Investigation Branch	3.9	4.8	0.9	22.5
	4	Air Accident Investigation Branch	7.7	7.9	0.2	2.4
	4	Rail Accident Investigation Branch	4.6	4.6	0.0	0.0
	4	Road Safety Grants	2.1	2.4	0.3	14.1
	4	Aviation Serv Trans, Security & Royal Travel	9.0	8.1	-0.9	-10.1
	4	Air Safety Support International	0.0	3.1	3.1	0.0
	4	Dangerous Goods	0.7	0.9	0.2	34.2
	5	Maritime	-1.0	-1.2	-0.2	16.6
	5	Air Accident Investigation Branch	-0.1	-0.3	-0.2	360.0
	5	Aviation	-50.0	-39.8	10.2	-20.4
	5	Air Safety Support International	0.0	-3.1	-3.1	0.0
	5	Transport security	0.0	0.0	0.0	0.0
	5	National Air Traffic Services Dividend	0.0	0.0	0.0	0.0
	6	Resource programme net total	69.5	65.2	-4.3	-6.2
	7	Aviation	0.0	0.4	0.4	0.0
	7	Maritime	0.1	0.1	0.0	0.0
	7	Maritime Public Corporation	0.0	0.0	0.0	0.0
	7	Marine Accident Investigation Branch	0.1	0.0	-0.1	-100.0
	7	Maritime Trust Ports	32.5	40.1	7.6	23.5
	7	Air Accident Investigation Branch	0.4	0.2	-0.2	-41.1
	7	Rail Accident Investigation Branch	0.0	0.0	0.0	0.0
	7	Road Safety Grants	0.0	0.0	0.0	0.0
	7	Transport security	1.5	3.5	2.0	132.9
	9	Capital net total	34.6	44.4	9.8	28.4
K		Maritime & Coastguard Agency				
	1	Maritime & Coastguard Agency	8.6	8.3	-0.4	-4.1
	2	Maritime & Coastguard Agency	-0.6	-0.6	0.0	0.0
	3	Administration net total	8.0	7.7	-0.4	-4.4
	4	Maritime & Coastguard Agency	301.8	298.3	-3.5	-1.2
	5	Maritime & Coastguard Agency	-10.0	-11.0	-1.0	10.0
	6	Resource programme net total	291.8	287.3	-4.5	-1.5
	7	Maritime & Coastguard Agency	11.4	11.4	0.0	0.0
	8	Maritime & Coastguard Agency	-1.3	-1.3	0.0	0.0
	9	Capital net total	10.1	10.1	0.0	0.0
L		Motoring Agencies				
	4	Compliance & Agency Sponsorship	21.0	21.9	0.9	4.2
	4	Vehicle Certification Agency	15.3	18.1	2.8	18.4
	4	Driver & Vehicle Licensing Agency	483.3	486.0	2.7	0.6
	4	Driver and Vehicle Standards Agency	0.0	0.1	0.1	0.0
	5	Vehicle Certification Agency	-15.5	-17.6	-2.1	13.5
	5	Driver & Vehicle Licensing Agency	-352.3	-371.2	-18.9	5.4
	5	Driver and Vehicle Standards Agency formerly VOSA	-2.1	-1.1	1.0	-49.0
	6	Resource programme net total	149.6	136.1	-13.5	-9.0
	7	Vehicle Certification Agency	0.5	0.5	0.0	0.0
	7	Driver and Vehicle Standards Agency formerly VOSA	0.5	0.8	0.3	66.7
	7	Driver & Vehicle Licensing Agency	19.0	22.4	3.4	17.7
	8	Driver and Vehicle Standards Agency	-26.3	-31.5	-5.2	19.6
	9	Capital net total	-6.4	-7.9	-1.5	23.6

Section	Column	Programme	Main Estimate 2015-16 £m	Supplementary Estimate 2015-16 £m	Variance £m	Variance %
M		Science, research and support functions				
	4	Transport Direct	0.0	0.9	0.9	0.0
	4	Rail Research	31.1	32.9	1.8	5.7
	4	Local Research Programme	0.0	4.1	4.1	0.0
	4	Freight research & statistics	0.6	0.6	0.0	0.0
	4	Transport statistics - roads	5.7	5.7	0.0	0.0
	4	Statistics personal travel	5.1	5.1	0.0	0.0
	4	Road Safety research	9.9	9.5	-0.4	-3.6
	4	Rail and Land Compliance	2.2	2.2	0.0	0.0
	4	Transport analysis and economics research	0.9	1.0	0.1	13.7
	4	Analysis and Strategy	3.4	2.7	-0.7	-20.1
	4	National Roads Policy Assessment	12.0	6.8	-5.2	-43.7
	5	Rail Research	0.0	0.0	0.0	0.0
	5	Transport analysis and economics research	-0.2	0.0	0.2	-100.0
	5	Transport Direct	0.0	0.0	0.0	0.0
	6	Resource programme net total	70.7	71.5	0.8	1.1
	7	Transport analysis and economics research	0.0	0.0	0.0	0.0
	7	Transport Direct	0.0	0.0	0.0	0.0
	7	Local Research Programme	0.0	0.0	0.0	0.0
	7	Transport statistics - roads	1.0	1.0	0.0	0.0
	7	National Roads Policy Assessment	0.5	0.5	0.0	0.0
	7	Rail safety research	0.0	0.0	0.0	0.0
	7	Road Safety research	0.0	0.0	0.0	0.0
	9	Capital net total	1.5	1.5	0.0	0.0
N		Central Administration				
	1	Central administration	192.6	209.2	16.6	8.6
	2	Central administration	0.0	-10.0	-10.0	0.0
	3	Administration net total	192.6	199.3	6.6	3.4
	4	Human Resources Programme expenditure	1.6	1.2	-0.4	-25.5
	4	Central administration	5.9	1.8	-4.2	-70.3
	4	Shared Services -	3.1	3.7	0.6	20.7
	4	Road Safety Publicity	5.6	7.7	2.1	37.8
	4	BR ill Health Compensation Claims	17.8	0.0	-17.8	-100.0
	4	Direct Government Business	0.2	0.2	0.0	14.0
	4	Finance & Estates	1.4	10.9	9.5	660.2
	5	Human Resources Programme expenditure	0.0	0.0	0.0	0.0
	5	Finance & Estates	0.0	-5.7	-5.7	0.0
	5	Central administration	-40.0	-39.9	0.1	-0.2
	5	Direct Government Business	0.0	0.0	0.0	0.0
	6	Resource programme net total	-4.4	-20.1	-15.7	359.3
	7	Finance & Estates	0.0	0.0	0.0	0.0
	7	Central administration	0.0	0.7	0.7	0.0
	7	IT Capital	0.0	0.0	0.0	0.0
	9	Capital net total	0.0	0.7	0.7	0.0
O		Departmental Unallocated Provision				
	4	Departmental Unallocated Provision	95.8	0.0	-95.8	-100.0
	6	Resource programme net total	95.8	0.0	-95.8	-100.0
P		Support for Passenger Rail Services				
	4	Current grants to Local Government	1.4	127.0	125.6	8,953.2
	4	Subsidies to Private Sector	396.8	271.2	-125.6	-31.7
	5	Premia Income	-1,572.7	-1,662.6	-89.9	5.7
	6	Resource programme net total	-1,174.5	-1,264.4	-89.9	7.7
Q		High Speed Two				
	4	High Speed 2	37.4	22.5	-14.9	-39.8
	6	Resource programme net total	37.4	22.5	-14.9	-39.8
	7	High Speed 2	308.9	163.3	-145.6	-47.1
	9	Capital net total	308.9	163.3	-145.6	-47.1
		TOTAL VOTED DEL				
		Administration net total	268.3	271.5	3.3	1.2
		Resource programme net total	3,475.8	2,872.1	-603.6	-17.4
		Capital net total	6,089.9	5,993.4	-96.5	-1.6

Section	Column	Programme	Main Estimate 2015-16 £m	Supplementary Estimate 2015-16 £m	Variance £m	Variance %
NON VOTED DEL						
(Removed at ME)		Motoring Agencies				
	4	DVLA- HGV Levy scheme - RPC VED shortfall	0.0	0.0	0.0	-100.0
	6	Resource programme net total	0.0	0.0	0.0	-100.0
R		Funding of Other ALBs (net)				
	1	Trinity House Lighthouse Service	3.4	3.4	0.1	2.0
	1	Northern Lighthouse Board	3.0	3.0	0.0	0.0
	1	Commissioners of Irish Lights	0.3	0.3	0.0	-10.1
	3	Administration net total	6.7	6.7	0.0	0.6
	4	Trinity House Lighthouse Service	3.2	7.5	4.3	134.9
	4	Northern Lighthouse Board	1.8	1.8	0.0	0.0
	4	Commissioners of Irish Lights	0.2	0.2	0.0	0.0
	6	Resource programme net total	5.2	9.5	4.3	83.1
	7	Trinity House Lighthouse Service	0.0	0.0	0.0	0.0
	7	Northern Lighthouse Board	0.0	0.0	0.0	0.0
	7	Commissioners of Irish Lights	0.0	0.0	0.0	0.0
	9	Capital net total	0.0	0.0	0.0	0.0
		TOTAL NON-VOTED DEL				
		Administration net total	6.7	6.7	0.0	0.6
		Resource programme net total	5.2	9.5	4.3	83.1
		Capital net total	0.0	0.0	0.0	0.0
		TOTAL DEL				
		Administration net total	274.9	278.3	3.3	1.2
		Resource programme net total	3,481.0	2,881.7	-599.3	-17.2
		Capital net total	6,089.9	5,993.4	-96.5	-1.6
VOTED AME						
S		Highways England ALB (net)				
	4	Highways England asset write-downs and provisions	850.0	831.5	-18.5	-2.2
	4	Highways England administration	1.0	0.0	-1.0	-100.0
	6	Resource programme net total	851.0	831.5	-19.5	-2.3
	7	Capital	0.0	-19.5	-19.5	0.0
	9	Capital net total	0.0	-19.5	-19.5	0.0
T		Network Rail ALB (net)				
	4	Network Rail	3,337.3	8,055.3	4,718.0	141.4
	6	Resource programme net total	3,337.3	8,055.3	4,718.0	141.4
	7	Network Rail	7,099.6	6,701.1	-398.5	-5.6
	9	Capital net total	7,099.6	6,701.1	-398.5	-5.6
U		Funding of Other ALBs (net)				
	4	British Transport Police	56.4	82.1	25.7	45.6
	4	Air Travel Trust	0.0	-1.6	-1.6	0.0
	6	Resource programme net total	56.4	80.5	24.1	42.8
	7	British Transport Police	0.0	0.0	0.0	0.0
	9	Capital net total	0.0	0.0	0.0	0.0
V		Other railways				
	4	London & Continental Railways	262.6	262.6	0.0	0.0
	4	CTRL Corporate Support Finance Managed	152.8	141.4	-11.4	-7.4
	4	Finance & Planning Pension provision	-19.1	75.4	94.5	-494.5
	5	London & Continental Railways	-131.3	-131.3	0.0	0.0
	5	CTRL Corporate Support Finance Managed	-76.6	-65.3	11.3	-14.8
	6	Resource programme net total	188.4	282.9	94.5	50.1

Section	Column	Programme	Main Estimate 2015-16 £m	Supplementary Estimate 2015-16 £m	Variance £m	Variance %
W		GLA transport grants				
	4	London Underground	0.0	0.0	0.0	-110.0
	6	Resource programme net total	0.0	0.0	0.0	-110.0
X		Aviation, Maritime, Security & Safety				
	4	ASSI	0.0	0.0	0.0	0.0
	4	GLA pension payments	0.0	0.0	0.0	0.0
	5	GLA pension repayments	-3.8	-3.8	0.0	0.0
	6	Resource programme net total	-3.8	-3.8	0.0	0.0
	7	GLA pension payments	0.0	0.0	0.0	0.0
	8	GLA pension repayments	-20.0	-20.0	0.0	0.0
	9	Capital net total	-20.0	-20.0	0.0	0.0
Y		Maritime & Coastguard Agency				
	4	MCA revaluation losses	-1.8	-1.8	0.0	0.0
	6	Resource programme net total	-1.8	-1.8	0.0	0.0
Z		Motoring Agencies				
	4	Driver and Vehicle Licensing Agency	-4.0	-4.2	-0.2	4.5
	6	Resource programme net total	-4.0	-4.2	-0.2	4.5
AA		Central Administration				
	4	Central Administration	4.5	4.5	0.0	0.0
	4	Valuation cover: ring-fenced Non-cash	1,000.0	99.2	-900.8	-90.1
	6	Resource programme net total	1,004.5	103.7	-900.8	-89.7
AB (New At SUP)		High Speed two				
	7	High Speed two	0.0	-16.0	-16.0	0.0
	9	Capital net total	0.0	-16.0	-16.0	0.0
		TOTAL VOTED AME				
		Resource programme net total	5,428.0	9,344.1	3,916.1	72.1
		Capital total	7,079.6	6,645.7	-433.9	-6.1
		NON VOTED AME				
AC (Formerly AB)		Funding of Other ALBs (net)				
	4	Commissioners of Irish Lights	-0.5	0.0	0.5	-97.2
	4	Trinity House Lighthouse Service	0.0	-0.5	-0.5	0.0
	4	Northern Lighthouse Board	0.0	0.0	0.0	0.0
	6	Resource programme net total	-0.5	-0.5	0.0	2.8
		TOTAL NON VOTED AME				
		Resource programme net total	-0.5	-0.5	0.0	2.8
		TOTAL AME				
		Resource programme net total	5,427.5	9,343.6	3,916.1	72.2
		Capital net total	7,079.6	6,645.7	-433.9	-6.1

Column Number Key	
1	Resources Gross Administration
2	Resources Income Administration
3	Resources Net Administration
4	Resources Gross Programme
5	Resources Income Programme
6	Resources Net Programme
7	Capital Gross
8	Capital Income
9	Capital Net

Annex B: Glossary of Terms

Administration Budget: Expenditure incurred by departments and agencies in providing those services which are not directly associated with frontline service delivery. Includes pay, training, travel, accommodation, stationery, utilities, etc.

Ambit: The ambits describe the activities for which provision sought in the Estimate will be used. They are set out in Part I of the departmental Estimate. Separate ambits are required for both expenditure and income in each budgetary category included in the Estimate (DEL, AME and Non Budget).

Annually Managed Expenditure (AME): A Treasury budgetary control for expenditure which is generally less predictable and controllable than expenditure in DEL.

Arm's Length Body (ALB): A Non-Departmental Public Body, a company in which the department has a significant shareholding, or other sponsored body.

Budget Exchange: A mechanism that allows Departments either a) to carry forward a forecast DEL underspend from one financial year to the next or b) surrender a forecast DEL underspend in advance of the end of the financial year (through a DEL reduction in the Supplementary Estimate) in return for a corresponding DEL increase in the following year.

Contingent liabilities: Potential liabilities that are uncertain but recognise that future expenditure may arise if certain conditions are met or certain events happen.

Departmental Expenditure Limit (DEL): A Treasury budgetary control for expenditure which is generally within the department's control and can be managed within fixed four year limits (Comprehensive Spending Review period).

Departmental Unallocated Provision (DUP): An amount held back by a department to meet unforeseen pressures in expenditure and is not allocated at the start of the year to any particular programme. It forms part of the DEL.

Grant-in-Aid: Financing payment made by a department to a Non-Departmental Public Body or other Arm's Length Bodies.

Non-budget: This is a parliamentary control, one of the main items that appear in this limit relates to Prior Period Adjustments.

Provision: A provision is set up to cover recognised liabilities which either have to be paid out by departments over a period of more than one year (such as pensions or contractual obligations), or are held back by the departments pending decision for eventual payment if directed by a ruling body.

Reserve: A small amount of both resource and capital DEL budgetary provision that has not been allocated by HM Treasury to a department. The function of the Reserve is to assist departments with the costs of genuinely unexpected and unforeseeable events, which are also large relative to the department's available resources.

Spectrum: Electromagnetic spectrum includes frequencies used for radio and radar. The Department is looking to free up bandwidth for use elsewhere.

Spending Review (SR): A cross-Government review of the departmental aims and objectives and analysis of all spending programmes, with the resultant allocation of four year Departmental Expenditure Limits (DEL).

Supplementary Estimates: A single opportunity for a Department to seek parliamentary authority for additional resources and/or cash above that obtained in the Main Estimate, or vary the way in which resources are allocated. Supplementary Estimates are normally presented in February.

TransNorth: indication given in the Budget 2015 (March) that Northern Transport Strategy will shortly publish an interim report, committing to build on the concept of HS3 to develop a network of high quality rail connections across the north – the TransNorth vision.

Voted Expenditure: That which has been authorised by Parliament in response to Supply Estimates.

Non-voted Expenditure: Public expenditure outside that voted by Parliament in Supply Estimates. It is largely used for ALB budgets.