

## Transport department: speedy cuts but still searching for efficiency

The NAO says department did a reasonable job of making huge budget reductions, but still lacks a long-term strategy

**Jane Dudman**

Guardian Professional, Wednesday 14 December 2011 11.00 GMT

[A](#) [larger](#) | [smaller](#)



The biggest DfT budget reductions were at the Highways Agency, which will suffer a 41% cut by 2014-15. Photograph: Christopher Thomond for the Guardian

As Lin Homer moves to take the top job of permanent secretary at HM Revenue & Customs, her leadership in her previous job at the Department for Transport (DfT) has been given qualified approval by the government's spending watchdog.

A National Audit Office (NAO) report published on 14 December commends the DfT for starting its preparations for the 2010 spending review early, and also praises it for acting quickly to make cuts in its budget, despite having very little flexibility because of its long-term contracts.

Homer, who didn't join the DfT until December 2010, cannot claim much credit for this herself but the findings mark a turnaround for the DfT. In 2008 the department was criticised by the Commons public accounts committee for "one of the worst" cases of project management in central government, following an efficiency drive that was intended to save more than £50m, but ended up costing more than £80m.

This time, it seems the DfT has been better able to manage its cost-cutting processes. It has had to make big cuts in its budget, and plans to reduce spending in all areas. Its biggest reduction is at the Highways Agency, which sees its budget fall from £3.2bn this year to £2.1bn by 2014-15, a 41% cut in real terms.

But the department still lacks a long-term strategy and has been criticised for "false economy". The NAO concludes that there was no "comprehensive long-term plan" within the department against which to make decisions for the spending review period, and there is now a risk that some of the cuts in road maintenance and rail budgets may not be financially sustainable. "Continuing to meet its objectives within lower budgets will depend on the department's finding new ways to deliver the objectives," says the

report.

The DfT still has little idea of ways to be more efficient through doing things differently. The report says that more than half the cuts made by the department to its budgets come from either cutting or deferring new projects, or increasing fares, rather than from new approaches to delivering existing services for less money. Only a fifth of the savings were as a result of being more efficient.

**This article is published by [Guardian Professional](#). Join the [Guardian Public Leaders Network](#) free to receive regular emails on the issues at the top of the professional agenda.**

## **On this site**

[About us](#)

[All today's stories](#)

[A-Z of this site](#)

[Contact us](#)

[FAQ](#)

[Solace](#)

[People](#)

[Back office](#)

[Health and social care](#)

[Frontline](#)

[Workplace reform](#)

[Technology](#)

[Criminal justice](#)

[Property and regeneration](#)

[Commissioning](#)

[Best practice](#)

[Professional development](#)

[Policy making](#)

[Outsourcing](#)

[Civil society](#)

[Property and asset management](#)

© 2012 Guardian News and Media Limited or its affiliated companies. All rights reserved.