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Transport savings clawed back by Treasury

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More than half a billion pounds of transport savings were paid to the Treasury during 2010/11 according to a new report by the House of Commons Transport Committee.

Counting the cost: financial scrutiny of the Department for Transport 2011-12 quotes a letter from former transport secretary Philip Hammond, who wrote to the select committee on 21 July 2011 responding to questions about how new transport spending commitments announced in the spring 2011 budget were to be funded. "Overall the Department spent £1,029m less than originally planned in 2010/11, of which £486m was recycled into transport initiatives and £543m surrendered to the Treasury," wrote Hammond.



Hammond: told committee DfT spent £1.029bn less than originally planned in 2010/11

The all-party Transport Committee

expresses surprise at this outcome which followed successful attempts to reduce DfT spending as part of the government's comprehensive spending review in autumn 2010. "We were surprised to learn that the Department had ended up in a position where it was required to return over £500m to the Treasury," states the committee's report. "This is more than the estimated cost of the entire Northern Hub project and is also likely to have exceeded the total reduction in annual revenue for the English bus industry following the Spending Review. Put another way, the DfT accepted a cut to its in-year budget of £683m and then underspent on its revised budget by over £1bn, calling into question whether the in-year cut was necessary."

Members of the committee conclude that the DfT does not provide parliament and the public with adequate information about in-year changes to its budget noting that there has been no explanation of how the £300m of new transport spending commitments announced in March 2011 (£200m for rail spending and £100m for local authorities to spend on road maintenance (TB 7542)) would be funded prior to the Transport Committee's investigation. It wants any future DfT budget changes to be clearly explained in statements to parliament.

The report welcomes the additional investment in road and rail schemes announced in the Chancellor of the Exchequer's 2011 spring Budget and Autumn Statement but questions the approach taken to prioritising projects, repeats the select committee's previous call for an overarching transport strategy, and says the DfT's annual report needs to be more transparent with data to explain progress against performance targets.

Referring to the latter, committee chair Louise Ellman said: "While the presentation of financial information is in a clearer, simpler format than previous years, the key performance indicators fail to show whether the DfT's policies are effective and, overall, the DfT's 2010-11 annual report gives a very thin account of the department's performance during the year."

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