



# Department for Transport

**From the Permanent Secretary**

**Iain Stewart MP**

Chair of the Transport Committee  
House of Commons  
London  
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[Sent via email]

Dear Iain,

**Actions from oral hearing on 1 February 2023**

Thank you for inviting me to provide oral evidence to the Transport Committee on 1 February for its inquiry into strategic roads investment. During the hearing Emma Ward and I committed to write to the Committee to provide answers to questions in four areas. This letter is our joint response.

**RIS 1 funding and delivery**

We were asked a series of questions on the detail of RIS 1 funding. The original RIS 1 Statement of Funds Available (SoFA) was £17.7bn, including £15.2bn capital funding and £2.5bn resource. The SoFA for capital funding was over six years (2015/16 to 2020/21), in line with the 2013 Spending Round settlement, but the length of RIS 1 was five years, ending in 2019/20. As a result, capital funding for 2020/21 was for the first year of RIS 2. Of the capital envelope, £10.8bn was allocated to enhancements.

In common with other areas of Government spending, resource budgets were set for 2015/16 in the 2013 Spending Round. The Government agreed a total 2015/16 resource budget of £1.0bn, including £0.3bn for maintenance. However, as an exception the Government also agreed total resource maintenance funding for the period 2016/17 to 2020/21 of £1.5bn. Remaining areas of resource funding for future years (post-2015/16) were agreed later<sup>1</sup>.

Focusing on the RIS 1 period alone (2015/16 to 2019/20), the capital envelope at the start was £11.4bn (including £7.7bn enhancements). Towards the end of the road period the capital envelope had increased to £12.1bn (including £7.2bn enhancements) as a result of agreed changes during the period and the resource budget was £5.5bn. National Highways (then known as Highways England) spent £12.2bn capital (including £7.1bn enhancements) and £5.6bn resource by the end of RIS 1. These numbers have been rounded to one decimal place for this letter.

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21 February 2023

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<sup>1</sup> Source: RIS 1, Part 2 Investment Plan, Section 7, Statement of Funds Available:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/408514/ris-for-2015-16-road-period-web-version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/408514/ris-for-2015-16-road-period-web-version.pdf)

The Committee was also interested to understand the tail of RIS 1 schemes that were carried over into RIS 2. In total, 69% of the RIS 2 enhancements budget was allocated to delivery of 57 schemes that were originally announced as part of RIS 1 and were either in construction or still under development at the start of RIS 2 in April 2020. This percentage remained the same following the changes to the portfolio at Spending Review 2021. At the start of RIS 1, it was expected that all but one of these schemes would open for traffic after the first road period. However, as noted by the National Audit Office in its report on RIS 2 enhancements<sup>2</sup>, during RIS 1 National Highways and the Department had to reduce the planned construction starts from 112 to 73. Within this 39-project reduction, 27 were deferred to RIS 2 and the other 12 were: paused due to low value for money, stopped due to lack of stakeholder support, or moved to the RIS 3 pipeline. Separately, 36 enhancement schemes were completed in RIS 1 against a target of 37, adding 370 lane miles to the network<sup>3</sup>.

### **Client team capacity in the Department**

The Committee was interested to understand whether the Department had strengthened its capability and capacity in recognition of the larger and more complex RIS 2 portfolio. Emma Ward set out that the clienting capacity has been continually strengthened, both in line with Infrastructure and Projects Authority (IPA) best practice and in recognition of the complexity and scale of the current portfolio. The overall size of the client team has increased from 28 staff in the last year of RIS 1 to 55 in February 2023, with significant strengthening at senior levels. A significant proportion of this team are project delivery professionals with a mix of public and private sector experience. I should also add that we have strengthened our capability at the centre of the Department to oversee, assure and support the largest portfolios and projects across all our responsibilities.

### **Managing cost at project and portfolio level**

The Committee asked us how we manage cost at a project and portfolio level, and where we control it. As part of the RIS-setting process the Department provides National Highways with the SoFA which is split into broad categories of spend for each year of the RIS. From the SoFA, National Highways produces a more detailed financial statement which splits the available funding to a more detailed level by individual enhancement scheme. Costs on individual enhancement schemes are controlled by the setting of, and monitoring against, budgets, which are revised at the various “gateway” stages of a project. We would usually expect most movement on costs to be between Strategic Outline Business Case (SOBC) and Outline Business Case (OBC), with less movement between OBC and Full Business Case (FBC), and least movement after FBC. As schemes are at different stages, costs are more likely to move on some and less likely on others. The larger and more complex the scheme, the more cost movement impacts on the overall funding envelope.

Scheme and portfolio cost control is exercised by the Department’s and National Highways’ change control and investment committees. As we set out to the Committee, RIS 2 was established with a central risk reserve in order to manage the movement of costs at portfolio level. Day-to-day management of the reserve is the responsibility of National Highways, acting independently. Requests to draw down from the reserve are

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<sup>2</sup> <https://www.nao.org.uk/reports/progress-with-the-second-road-investment-strategy/>

<sup>3</sup> For more information on the position at the end of RIS1, the Secretary of State’s report to Parliament published in 2020 can be found here:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/926983/highways-england-performance-report-to-parliament-2019-to-2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/926983/highways-england-performance-report-to-parliament-2019-to-2020.pdf)

A more detailed analysis of scheme numbers and expenditure at the end of RIS1 can be found in the Office of Rail and Road’s annual assessment for 2020:

<https://www.orr.gov.uk/sites/default/files/om/ORR-Annual-Assessment-of-Highways-England-End-of-Road-Period-1-DIGITAL.pdf>.

controlled through National Highways' investment committee. The operation of the reserve at a strategic level is overseen by the Department, facilitated by regular reporting by National Highways on risk reserve allocation, forecasts of future allocations, and risks.

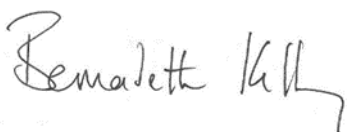
The Department receives monthly performance reports with delivery and cost information, and comprehensive capital delivery and cost reports quarterly. The Department's client team analyses the data, supported by the Office of Rail and Road, and holds National Highways to account through a range of mechanisms. National Highways also reports every six months to the Department's most senior investment committee, the investment, portfolio and decision committee (IPDC), which I chair as Permanent Secretary.

### **Zero Emission Vehicles**

Finally, I committed to provide the Committee with further details on the scope of the ZEV mandate. The ZEV mandate will apply to both cars and vans (vehicles with M1 and N1 Type Approval categorisation), whether for private or commercial use, and will increase the UK's supply of ZEVs, creating thousands of new jobs and putting our industry at the forefront of this global transition. The Committee asked a related question, about the rollout of charge points. The Department closely monitors charge point rollout with figures reported every month<sup>4</sup>. As of the 1 January 2023 there are 37,055 public charge point in the UK, growing 31% in the last year. We expect to see a continuing strong level of growth in charge point rollout in future years.

I hope this additional evidence is helpful to the Committee for its inquiry.

Yours sincerely,



**Dame Bernadette Kelly DCB**  
**Permanent Secretary**

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<sup>4</sup> [https://www.gov.uk/transport/low-emission-and-electric-vehicles#research\\_and\\_statistics](https://www.gov.uk/transport/low-emission-and-electric-vehicles#research_and_statistics).