



Department
for Transport

From the Permanent Secretary

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Sir Geoffrey Clifton-Brown MP

Chair

Public Accounts Committee

Dear Chair,

Follow-up to the oral evidence session of 27 April 2026 and the Committee's tenth report of Session 2024-26

Following the Committee's oral evidence session of 27 April, I am writing in response to the request for further information on how the Nature Restoration Fund will work in practice, particularly in the context of major infrastructure projects, and how the Department has implemented the lessons learned from the Sheffield to Rotherham tram-train national pilot.

How the Nature Restoration Fund will work in practice, particularly in the context of major infrastructure projects

The Planning and Infrastructure Act 2025 established the Nature Restoration Fund (NRF). The NRF is intended to provide a more strategic approach to delivering conservation measures for protected sites and species impacted by development through the creation of Environmental Delivery Plans (EDPs). The responsibility for delivery of the NRF sits with the Department for Environment, Food and Rural Affairs (Defra), with whom my department is working closely to ensure the system will benefit the transport sector.

EDPs will give developers a simpler and more predictable way to address environmental impacts, by allowing them to meet their environmental obligations through levy payments into the EDP. Responsibility for addressing the environmental impact of their development will then transfer to Natural England. This allows Natural England to deliver more impactful interventions, whilst giving increased certainty to developers. This is a significant change to the current system, where developers must identify any impacts and put in place their own site-specific mitigation measures, which can be complex, expensive and require long lead-in times. Existing approaches to discharging environmental obligations, such as Habitats Regulation Assessment and species licences, will remain, with EDPs intended to be an option for developers if beneficial to their project.

The NRF and supporting EDPs are not yet live so it is too early to set out the detail of how they will work in practice for large, complex transport projects. The first planned EDPs will focus on environmental pressures where strategic solutions already exist, such as nutrient pollution from housing. Defra has committed to return to Parliament once the first EDPs have been published to make a statement on learnings from their development and implementation. This will inform the development of future EDPs.

It will only be after Parliament has seen this statement that Defra will be in a position to make any further EDPs relevant to other environmental issues, such as bats; this inevitably means

that it will be some time before there is a clear understanding of how the new measure will apply to bats. The Department will continue to liaise with Defra on progress so as to be able to provide the Committee with a further update on recommendation 4 of the Committee's tenth report of Session 2024-26 ([HS2: Update following the Northern leg cancellation](#)) in due course.

How the Department has implemented the lessons learned from the Sheffield to Rotherham tram-train national pilot

As part of the completion of the Sheffield Tram Train Pathfinder, the Department completed a Project Close Out Report lodged with the PAC in 2021. The Report includes lessons learned and in particular, the establishment of the Tram Train Learning Hub (<https://tramtrainlearning.co.uk/>). This resource captures all the technical learning gathered throughout the project's life, which is of use to future projects. The Hub has registered users from over 50 organisations across the world. It has been extensively used by those developing Tram Train projects in Greater Manchester, South Yorkshire and South Wales. I expect further engagement as the Greater Manchester Combined Authority and South Yorkshire Mayoral Combined Authority develop their projects further and the South Wales Metro moves into passenger service.

The PAC also asked how Network Rail would respond to future Tram Train proposals. Network Rail has created the Light Rail Centre of Excellence which provides those promoting Tram Train and other light rail solutions on or adjacent to the mainline network with a dedicated and informed point of contact. The Centre is currently providing dedicated support to SYMCA in the evaluation of its mass transit strategy and its evolution into a delivery plan.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jo Shanmugalingam', with a long horizontal flourish extending to the right.

Jo Shanmugalingam CB
Permanent Secretary