



Department
for Transport

Memorandum for Main Estimate 2021-22

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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>

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1. Overview

1.1 Objectives

The Department's overall mission is to create a safe, secure, efficient and reliable transport system that works for the people who depend on it; supporting a strong, productive economy and the jobs and homes people need.

The Department's strategic objectives as set out in its Priority Outcomes at Spending Review 2020 are:

1. Improve connectivity across the United Kingdom and grow the economy by enhancing the transport network on time and on budget.
2. Tackle climate change and improve air quality by decarbonising transport.
3. Build confidence in the transport network as the country recovers from Covid19 and improve transport users' experience, ensuring that the network is safe, reliable and inclusive

1.2 Spending Controls

Department for Transport's (DfT) spending is broken down into control totals, for which Parliamentary approval is sought.

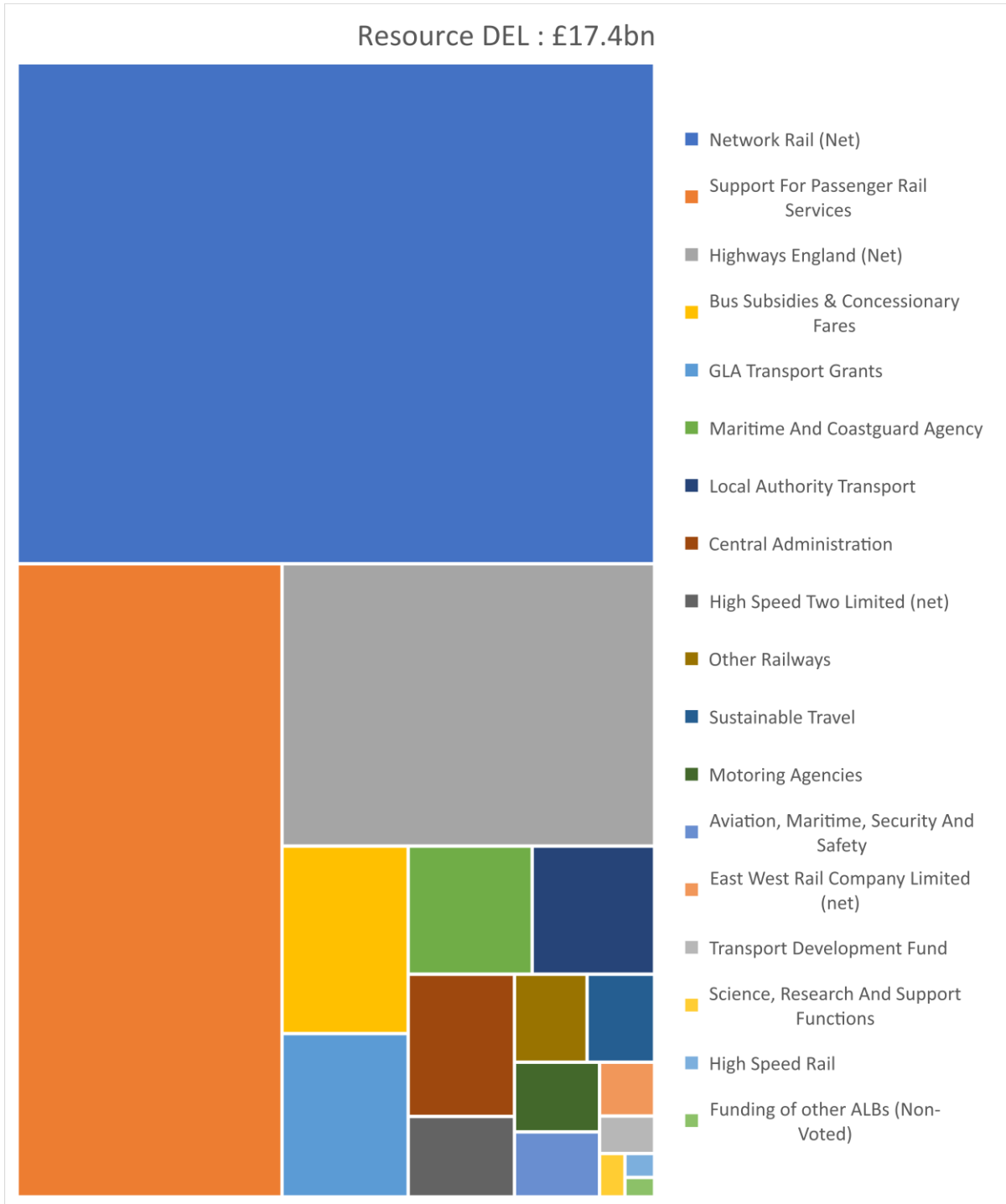
The spending totals which Parliament votes are:

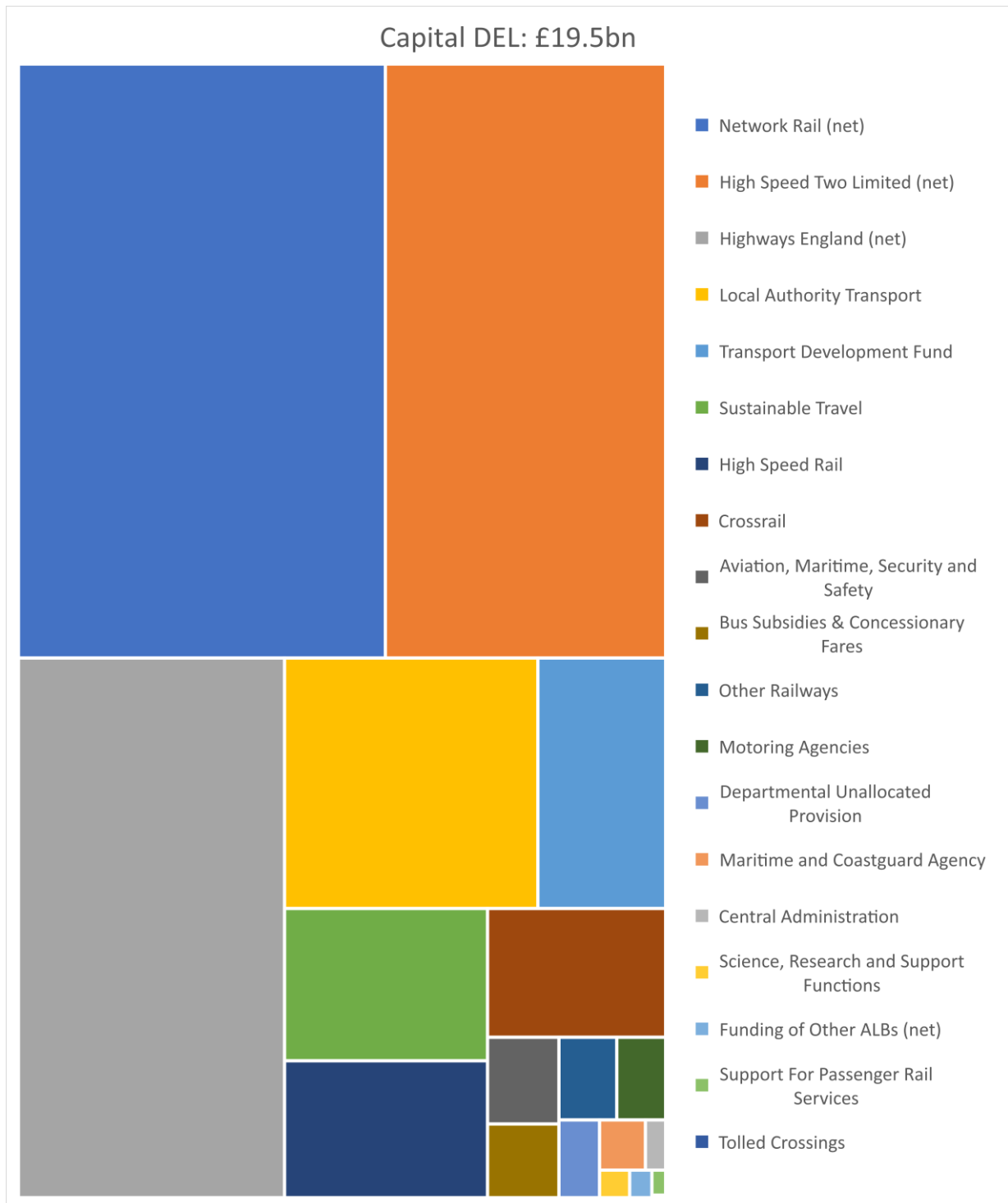
- Resource Departmental Expenditure Limit ("Resource DEL"): day to day running costs, split between:
 - Administration costs: staff and associated costs
 - Resource programme costs: resources used directly to support policy objectives
- Capital Departmental Expenditure Limit ("Capital DEL"): investment in infrastructure
- Resource Annually Managed Expenditure ("Resource AME"): mainly provisions and interest payments - in DfT's case mainly Network Rail.
- Capital Annually Managed Expenditure ("Capital AME"): in DfT's case mainly High-Speed Rail and Highways England.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require DfT to pay out cash in year.

1.3 Main areas of Spending

The graph below shows the key areas of DfT's DEL funding sought in the latest Main Estimate 2021-22. The numbers include depreciation.





Note: Negative values were omitted from all the Tree-maps for presentational alignment.

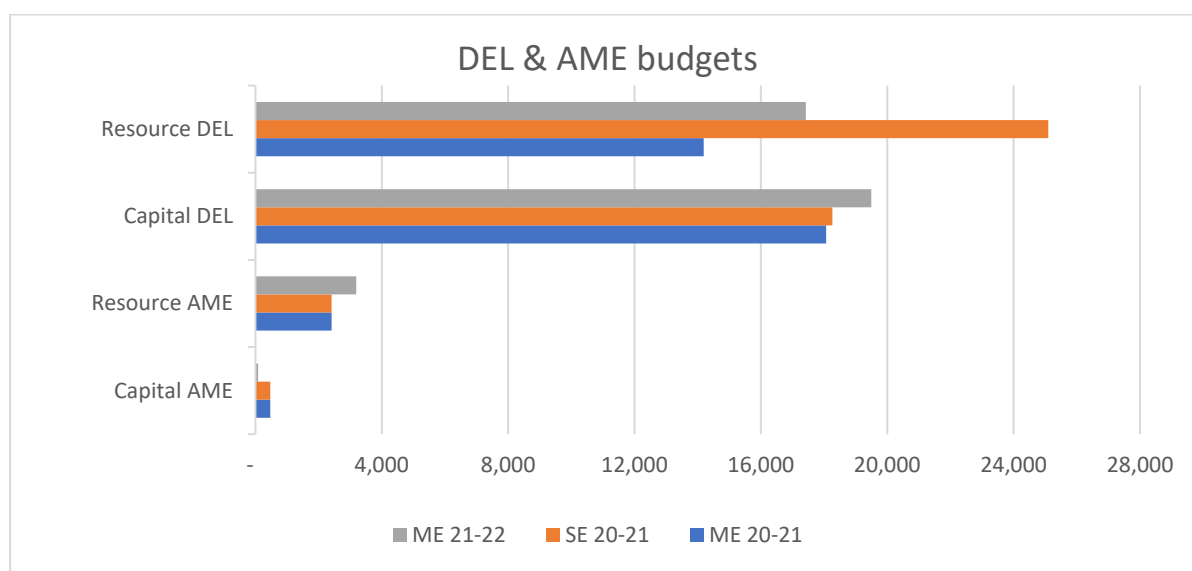
The Main Estimate also includes £3.2bn AME, split between £3.19bn resource and £0.01bn capital. Most of Resource AME (£2.8bn) is allocated to Network Rail. Most of Capital AME (£0.1bn) is allocated to Highways England.

The Net Cash Requirement for FY2021/22 in the Main Estimate is £33.6bn.

1.4 Comparison of spending totals sought

The Table and graph below show how the totals sought in the Main Estimate 2021-22 compare to final budgets sought in the Supplementary Estimate 2020-21 as well as to last year's Main Estimate 2020-21.

Spending Total Amounts sought this year (Main Estimate 2021-22)	Compared to final budget last year. (Supplementary Estimate 2020-21)		Compared to original budget last year. (Main Estimate 2020-21)		
	£m	£m	%	£m	%
Resource DEL	17,419.8	-7,679.2	-44.08%	3,227.8	18.5%
Capital DEL	19,495.5	1,230.5	6.3%	1,431.5	7.3%
Resource AME	3,191.6	+783.0	+24.5%	+783.1	+24.5%
Capital AME	85.2	-384.4	-450.9%	-384.4	-450.9%



1.5 Key drivers of spending changes since Supplementary Estimate 2020-21

The main cause of changes in Resource DEL is a reduction in budgets for Covid-19 related support measures, the most significant of these relates to the Rail Emergency Recovery Measures Agreements (ERMAs) which at Supplementary Estimate 2020-21 covered the full financial year when the most severe impact of the pandemic was felt. The 2021/22 budget in the Main Estimate reflects the forecast costs for Q1 and Q2. Uncertainty around the rate of recovery in demand for rail services means it is not possible to forecast spend for the full year. We are also preparing to support and promote the safe return of passengers to the railway. We will work closely with HM Treasury to monitor the requirements for further support for Rail service – and other Covid-19 support measures – and will revisit this at the Supplementary Estimate. Sections 1.9 and 2.1 provide more details on the changes.

The increase in Capital DEL is due to the planned delivery for High Speed 2 (HS2), a higher budget for Highways England reflecting the profile of the Road Investment Strategy 2 (RIS2), a higher budget for Network Rail reflecting control period 6 profiles, and other additional funding secured in Spending Review 2020. Refer to section 1.9.

The main change in Resource AME is owing to the expected statutory enactment of prospective changes in the corporation tax rate. Refer to section 2.1

The main change in Capital AME is the decrease in High-Speed Rail (HSR) due to changes in provisions. Refer to section 2.1, subhead AD.

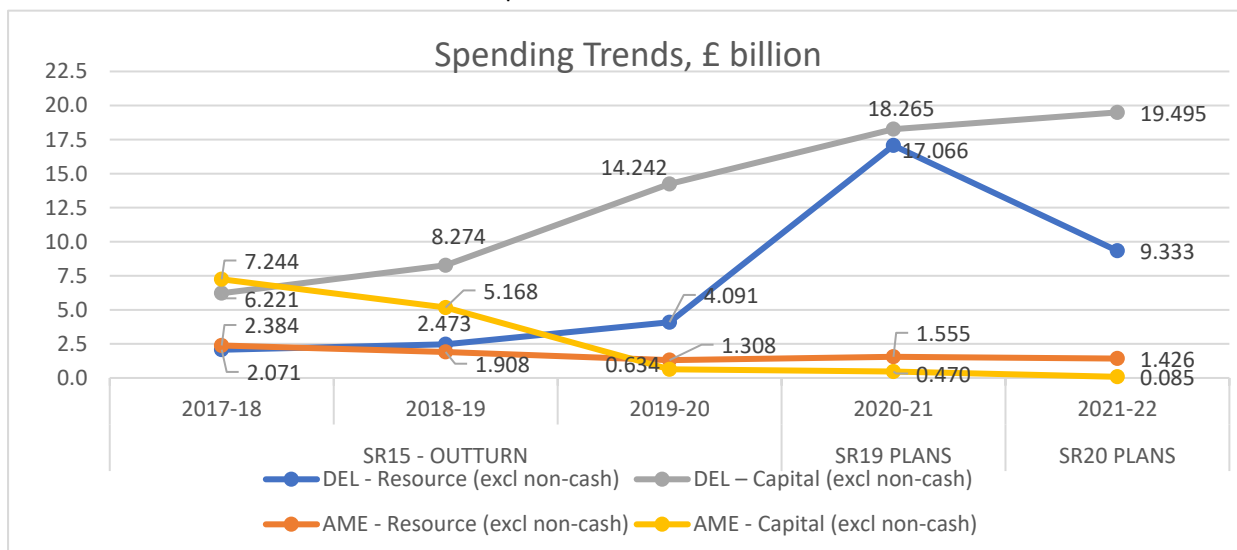
1.6 New policies and programmes: ambit changes

We reviewed the Department's Ambits making the following changes:

- "Work to support the government's new relationship with the EU under the Trade and Cooperation Agreement and associated workstreams": We amended this text to reflect the fact that the UK has now left the European Union.
- "Public Sector Decarbonisation Scheme": We added this text as the Department expects to receive authorisation to spend funds on the scheme.
- "Financial assistance under the UK Internal Markets Bill 2020 in any area of the United Kingdom" and "Improving transport connections across the United Kingdom": We added this text to reflect DfT's obligation to improve connectivity across the entire United Kingdom.

1.7 Spending trends

The chart below shows overall spending trends for the last five years and plans presented in Main Estimates for 2021-22. Numbers exclude depreciation and other non-cash.



Resource DEL has broadly remained stable in cash terms up to 2018-19. The increases since 2019-20 mainly relate to Network Rail transferring out of AME into the Department's DEL boundary in the financial year 2019-20 and the support measures put in place for public transport as a result of the Covid-19 pandemic in financial year 2020-21. The reduction in 2021-22 reflects the fact that Covid-19 support packages are dependent on the progress of the pandemic throughout the year and the UK's economic recovery.

Capital DEL has been steadily increasing in cash terms since 2016-17 because of the increasing programme of work for Highways England and High Speed 2 (HS2). The increases from 2019-20 are due to the incorporation of Network Rail into the Department's DEL boundary in 2019-20 and further budget secured at the Spring Budget 2020.

Resource AME broadly remained stable in cash terms up to 2018-19, but then decreased from 2019-20 due to Network Rail transferring out of AME and into the Department's DEL boundary.

Capital AME broadly remained stable in cash terms up to 2018-19, but then decreased in 2019-20 due to Network Rail transferring out of AME and into the Department's DEL boundary. There was a modest increase in 2020-21 due to changes in provisions, which has been reversed in 2021-22.

1.8 Administration costs

Spending Total Amounts sought this year (Main Estimate 2021-22)	Compared to final budget last year. (Supplementary Estimate 2020-21)			Compared to original budget last year. (Main Estimate 2020-21)	
	£m	£m	%	£m	%
Administration costs	360.3	+ 48.7	+16.1%	+58.2	+0.19

Administration costs are set to increase by £48.7m compared to Supplementary Estimate and increase by £58.5m compared to last year's Main Estimate. This represents the growth of the department as we support key government objectives e.g. decarbonisation, large infrastructure projects and the country's response to and recovery from the Covid-19 pandemic.

1.9 Funding: Spending Round 2020 and Budgets

Our SR20 settlement included the following budget uplifts:

- An increase in Network Rail's Resource Expenditure (RDEL) of £73m and Capital Expenditure (CDEL) of £464m, reflecting their Control Period 6 settlement;
- An increase in Highways England's CDEL of £381m reflecting their RIS 2 settlement;
- Increase in HS2's CDEL agreed at SR19 of £990m, reflecting increased development work in 21-22;
- A £118m increase in funding for electric vehicle infrastructure as part of a 4 year, £1.3bn settlement;
- An additional £440m CDEL for the Transforming Cities Fund;
- £93m CDEL for R&D, of which £81m is for decarbonisation R&D projects;
- £120m additional CDEL for zero emission buses;
- RDEL of £50m for Mayoral Combined Authorities, to support development work for future local transport funding.

Since the publication of SR20, the Department received the following additional funding:

- Covid-19 related support in Resource DEL for Rail recovery (£4,116m);
- Covid-19 related Resource DEL to cover costs in line with TfL agreement (£500m);
- Budget for Government Property Agency (GPA) costs related mainly to IFRS16 changes and management fees (1.3m Resource and £25.2m Capital);
- Capital budget for Crossrail loan payments (£610m).

Finally, the following budget cover transfers have taken place between DfT and Other Government Departments:

- £2.9m CDEL from DfT to BEIS for BSI Connected and Automated Vehicles.

- £0.338m RDEL Admin from DfT to Cabinet Office for funding of the pay costs for centralised movement of Special Advisers to Cabinet Office, Private Office Group.
- £1.1m CDEL from DfT to Cabinet Office as contribution for FY 2021/22 towards cost of Public Sector Geospatial Agreement (PSGA) contract.
- £0.029m from DfT to Cabinet Office as contribution for CS Live.
- £5m from DfT to MHCLG as contribution to Devolution deals (Greater Manchester Earn Back)
- £0.6m RDEL from DfT to HMT for UK Government Investments (UKGI)
- £0.035m RDEL from DfT to MOJ for various Justice Impact Tests (JITs).
- £100m CDEL received from Cabinet Office for Ports Infrastructure Fund
- £4.2m RDEL received from FCDO for ONE HMG Platform charges, for the Conflict, Stability and Security Fund.

2. Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table below shows a breakdown by programmes within each RDEL Estimate line compared with the 2020-21 Supplementary Estimate.

Subheads	Description	Resource DEL				note number
		£ million			%	
		Main Estimate 21/22	Supplementary Estimate 20/21	Change from Main Estimate		
A	Tolled Crossings	-104.5	-81.7	-22.8	28%	1
B	Local Authority Transport	380.9	533.9	-153.0	-29%	2
C	Highways England ALB (net)	2,554.3	2,750.4	-196.1	-7%	
D	Funding of Other ALBs (net)	-34.3	38.0	-72.3	-190%	3
E	Other railways	154.9	124.9	30.0	24%	See Note 9
F	Sustainable Travel	143.9	183.8	-39.9	-22%	4
G	Bus Subsidies and Concessionary Fares	574.2	1,591.3	-1,017.1	-64%	5
H	GLA Transport grants	500.0	2,701.9	-2,201.9	-81%	6
I	Crossrail	0.0	1.8	-1.8	-100%	
J	Aviation, Maritime, Security & Safety	134.2	260.9	-126.7	-49%	7
K	Maritime & Coastguard Agency	386.4	376.7	9.7	3%	
L	Motoring Agencies	144.0	268.7	-124.7	-46%	8
M	Science, research and support functions	26.8	25.6	1.2	5%	
N	Central Administration	367.5	406.2	-38.7	-10%	
O	Departmental Unallocated Provision	0.0	0.0	0.0		
P	Support for Passenger Rail Services	4,074.5	8,627.5	-4,553.0	-53%	9
Q	High Speed Rail	17.1	76.6	-59.5	-78%	See Note 11
R	Transport Development Fund	50.0	0.0	50.0		10
S	High Speed Two Limited (net)	207.6	113.9	93.7	82%	11
T	East West Rail Company Limited (net)	72.1	36.5	35.6	98%	12
U	Network Rail	7,756.2	7,047.8	708.3	10%	13
V	Funding of Other ALBs (net) non-voted	14.0	14.2	-0.2	-1%	
	Total voted and non-voted	17,419.9	25,099.0	-7,679.1	-31%	

Differences of more than 10% and which are more than £+/-10m are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in Table A.

1. Tolled Crossing

Resource DEL income under this subhead is forecast to increase by £22.8m or 28%

This is driven by:

- A forecast increase in the number of journeys across the Dartford Crossing in 2020-21, compared with 2020-21 where journeys fell due to the Covid-19 pandemic.

2. Local Authority Transport

Resource DEL spending under these subheads is, overall, forecast to decrease by £153m or 29%

This is driven by:

- The 20/21 Supplementary Estimate position included £154m funding for Light Rail and Tram Covid-19 support due to a reduction in passenger revenues. In 21/22, funding of £33m will be provided at the Supplementary Estimates.
- The 20/21 Supplementary Estimate also included £10m for Travel Demand Management to support LA's response to Covid-19.
- This reduction is offset by 11.6m increase in business case support for LA Major Schemes.

3. Funding of other ALBs

Resource DEL spending under these subheads is, overall, forecast to decrease by £72.3m or 190% as a result of the following:

- During 2020/21 there was a significant reduction in income associated with Air Passenger Charges (ATOL protected package holiday bookings) due to the impact of Covid-19 and the ongoing travel restrictions. For 2021/22 the Main Estimate has been set on the basis that income levels will return to pre-pandemic levels. This accounts for a net spending decrease of £60m.
- Additionally, there is a decrease in BTPA funding of nearly £12m mainly due to Covid-19 impacts reflected in 2020/21, but not in 2021/22.

4. Sustainable travel:

Resource DEL spending under these subheads is, overall, forecast to decrease by £39.9m or 22%. This is driven by:

- The 2020/21 Supplementary Estimate included £75m as part of the £250m Emergency Active Travel for Cycling support. This reduction has been partially offset by additional funding included in Main Estimates 2021/22 for E-bike support (£10m), Bikeability (£18m) and funding to support LA Capacity Building (£5.6m), as part of the £2bn funding commitment to support cycling and walking.

5. Bus Subsidies and Concessional fares:

Resource DEL spending under these subheads is, overall, forecast to decrease by £1,017m or 64%. This is driven by CBSSG Response and Restart funding settlements i.e.: the 2020/21 Supplementary Estimate included the full year settlements. In the Main Estimate within BSOG budgets for 2021/22 £275m is ringfenced for CBSSG Restart. The funding enables bus operators to mitigate the impact of the loss of revenue, while continuing to build back to normal service levels.

6. GLA Transport Grants

Resource DEL spending under these subheads is forecast to decrease by £2,201.9m or 81%. This is driven by:

- The 2020/21 Supplementary Estimate Budget reflected the H1 and H2 TfL funding settlement.
 - The 2021/22 Main Estimate includes £500m for an extension to the H2 settlement to 18th May 2021.
7. Aviation, Maritime, Security, Safety
Resource DEL spending under these subheads is forecast to decrease by £126.7m or 49%. This is mainly driven by:
- The 2020/21 Supplementary Estimate included a budget of £82m for the Airports and Ground Operations Support Scheme (AGOSS). This was a grant scheme established to assist eligible organisations as part of the Department's Covid-19 response. Although there will be further expenditure on AGOSS in 2021/22 the budgetary cover will be provided through the Supplementary Estimate rather than the Main Estimate.
 - Due to Covid-19 travel restrictions the amount of air traffic control (en-route) income received by the Department in 2020/21 was insufficient to cover the operational costs charged by *Eurocontrol* (the administrators of the en-route charging system). For 2020/21 this had a net cost impact of £17m whereas the assumption for the Main Estimate is that sufficient income will be collected to cover the administration costs.
 - During 2020/21 the Department provided liquidity support to the Civil Aviation Authority (the CAA's variable fee income had been much reduced as a result of the Covid-19 pandemic). For 2021/22 the level of support has reduced by £17m.
8. Motoring Agencies
Resource DEL spending under these subheads is forecast to decrease by £124.7m or 46%. This is mainly driven by:
- The Main Estimate RDEL budget for EU-Transition related activities has fallen by £76m to £10m; any spending above this amount will be financed through in-year budget management or an HMT reserve claim at Supplementary Estimates.
 - DVLA's Supplementary Estimate position included support in relation to loss of income due to the impact of Covid-19. The Main Estimate settlement is a reduction of £74.5m compared to the Supplementary Estimate.
9. Other Railways and Support for Passenger Rail Services
Resource DEL spending under these subheads is, overall, forecast to decrease by £4,553m or 53%. The Rail subheads have reduced as 2020/21 Supplementary Estimate included a full year of emergency support for Train Operators. Main Estimate 21/22 once again includes provision for supporting the Train Operators and DfT will work with HMT to monitor the impact on passenger demand as restrictions ease. We may need to return to this at the Supplementary Estimate.
10. Transport Development Fund
Resource DEL spending under these subheads is forecast to increase by £50m. This is for development funding in 2021-22 to support Mayoral Combined Authorities prepare proposals for Intra-City Transport Settlements, which begin in 2022-23. This money was allocated to the Department as at Spending Review 2020.
11. High Speed Rail & High Speed 2 Limited
Net Resource DEL spending under these subheads is, overall, forecast to reduce by £34.2m. This is driven by:
- A more up-to-date budget for 2021/22 agreed at Spending Review 2020, following the Oakervee Review. The 2021/22 budget was reflecting the original SR2015 settlement.

12. East West Rail Company Limited (net)

Resource DEL spending under these subhead is, overall, forecast to increase by £35.6m or 89%. This is driven by:

- Delivery of the East West Rail programme.

13. Network Rail

Resource DEL spending under this subhead is, overall, forecast to increase by £708m or 10%. This is driven by:

- Additional funding agreed as part of the Spending Review, in line with NR's agreed CP6 profile, to allow for increased levels of delivery, risk, and depreciation costs.

Capital DEL

The table below shows a breakdown by programmes within each CDEL Estimate line compare with the 2020-21 Supplementary Estimate.

Subheads	Description	Capital DEL				
		£ million			%	
		Main Estimate 21/22	Supplementary Estimate 20/21	Change from Main Estimate		
A	Tolled Crossings	0.8	0.3	0.4	139%	
B	Local Authority Transport	1,685.6	2,402.0	-716.4	-30%	14
C	Highways England ALB (net)	3,816.6	3,454.7	361.8	10%	15
D	Funding of Other ALBs (net)	16.3	96.8	-80.5	-83%	16
E	Other railways	127.0	115.7	11.3	10%	See Note 24
F	Sustainable Travel	824.6	764.0	60.6	8%	
G	Bus Subsidies and Concessionary Fares	139.9	80.7	59.2	73%	17
H	GLA Transport grants	0.0	0.0	0.0		
I	Crossrail	610.0	796.0	-186.0	-23%	18
J	Aviation, Maritime, Security & Safety	164.3	66.0	98.3	149%	19
K	Maritime & Coastguard Agency	61.1	43.2	17.9	42%	20
L	Motoring Agencies	107.2	225.3	-118.1	-52%	21
M	Science, research and support functions	23.2	30.2	-7	-23%	
N	Central Administration	27.1	45.4	-18.2	-40%	22
O	Departmental Unallocated Provision	84.1	0.0	84.1		23
P	Support for Passenger Rail Services	9.2	387.1	-377.9	-98%	24
Q	High Speed Rail	738.0	467.3	270.6	58%	See Note 26
R	Transport Development Fund	850.0	436.1	413.9	95%	25
S	High Speed Two Limited (net)	4,423.5	3,248.2	1,175.4	36%	26
T	East West Rail Company Limited (net)	0.2	1.9	-1.7		
U	Network Rail	5,791.0	5,604.3	186.7	3%	
V	Funding of ALBs non-voted (Net)	0.0	0.0	0.0		
	Total voted and non-voted	19,499.5	18,265.2	1,234.3	7%	

Differences of more than 10% and more than £10m are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in the table in Annex A.

14. Local Authority Transport

Capital DEL spending under these subsegments is forecast to decrease by £716.4m or -30% This is a result of:

- The SR20 settlement included a reduction in funding for Highways Maintenance of £400m.
- The Supplementary Estimate position included £35m for the Safer Roads Fund which is not in the Main Estimate

- There was a reduction of £130m on LA Major Schemes in the 21/22 Main Estimates due to the funding profile of programmes within the scheme.
15. Highways England ALB (net)
Capital DEL spending under these subsegments is forecast to increase by £361.8m or 10%
This is mainly due to:
- Increased level of delivery that ties into the longer-term delivery profile of Road Investment Strategy 2 as agreed at Spending Review 2020.
16. Funding of other ALBs (net)
Capital DEL spending under these subsegments is forecast to decrease by £80.5m or 83%
This is a result of:
- Funding provision in 20-21, largely relating to potential working capital loans to DOHL at the year-end, that were not required, and are not replicated in 21-22.
17. Bus Subsidies and Concessionary Fares
Capital DEL spending under these subheads is forecast to increase by £59.2m or 73%
This is a result of:
- The 20/21 SE included £76.4m for Better Deal for Bus Users which was a 1-year settlement.
 - This is offset by £120m for Zero Emission Buses and £15m for Traffic Signals Maintenance.
18. Crossrail
Capital DEL spending under these subheads is forecast to decrease by £186m or 23%
This is due to Crossrail Loan funding forecast for 21-22, under the newly agreed loan, being partly offset by the first annual repayment of the original loan.
19. Aviation, Maritime, Security & Safety
Capital DEL spending under these subheads is forecast to increase by £98.3m or 149%
This is driven by:
- A £50m increase in the Ports Infrastructure Fund
 - A £23m increase in decarbonisation projects across aviation and Maritime
 - Additional funding of £10m for maritime security and safety
20. Maritime & Coastguard Agency
Capital DEL spending under these subheads is forecast to increase by £17.9m or 42%. This is driven by:
- Increased investment needed for its Coastguard infrastructure.
21. Motoring Agencies
Capital DEL spending under these subheads is forecast to decrease by £118.1m or 52%.
This is driven by:
- DVSA being consolidated within the Department's financial boundary as of 1st April 2021 and there is an increase in budget of £18m to cover their IT and service and modernisation work.
 - Main Estimate CDEL budget for EU-Transition related activities has fallen by £132m to £38m, as the UK has now left the EU.
22. Central Administration
Capital DEL spending under this subhead is forecast to decrease by £18m or 40%. This is primarily driven by a reduction in cost associated with DfT's new Shared Services platform.

23. Departmental Unallocated Provision

Through business planning we have retained £75m which we will be allocated to capital priorities as they emerge through the year. This has already been allocated since the Main Estimate was finalised.

24. Other Railways & Support for Passenger Rail Services

Capital DEL under these subheads is forecast to decrease by £367m. This is mainly driven by:

- CDEL element of the 2021/22 support for passenger rail services will be agreed at the Supplementary estimate
- Budget movements due to internal DG group restructuring

25. High Speed Two Limited (net) & High-Speed Rail

Capital DEL under these subheads is forecast to increase by 1.45bn. This is driven by:

- Ramped up construction activity on HS2 Phase 1 following Notice to Proceed approval gained in 2020.

26. Transport Development Fund

Capital DEL spending under those subheads is forecast to increase by £413.9m or 95%

- The Transforming Cities Fund has increased from £410m in 20/21 to £850m in 21/22 in line with the multi-year settlement profile.

Resource AME

The table below shows a breakdown by programmes within each RAME Estimate line compare with the 2020-21 Supplementary Estimate.

Subheads	Description	Resource AME				note number
		£ million		%		
		Main Estimate 21/22	Supplementary Estimate 20/21	Change from Main Estimate		
V	Highways England (net)	10.0	7.9	2.1		
W	Network Rail (net)	2,829.3	2,055.9	773.4	38%	27
X	Funding of Other ALBs (net)	81.9	78.1	3.8		
Y	Other Railways	174.9	175.5	-0.6		
Z	Aviation, Maritime, Security & Safety	-1.3	-1.7	0.4		
AA	Maritime & Coastguard Agency	1.0	1.0	0.0		
AB	Motoring Agencies	-2.8	-1.5	-1.3		
AC	Central Administration	95.8	95.0	0.8		
AD	High Speed Rail	6.0	-1.1	7.1		
AE	High Speed Two Limited (net)	-0.2	0.0	-0.2		
AF	East West Rail Company Limited (net)	0.0	0.0	0.0		
AG	Funding of Other ALBs (net)	-3.1	-0.1	-2.9		
	Total voted and non-voted	3,191.5	2,408.9	782.6	32%	

Differences of more than 10% and more than £10m are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in the table in Annex A.

27. Network Rail (net)

Resource AME under these subheads is forecast to increase by £773.4m or 38%. This is driven by:

- Additional deferred tax liability forecast of £975m in 2021/22 due to the increase in future corporation tax rises offset by c £200m reduction in interest cost forecasts.

Capital AME

The table below shows a breakdown by programmes within each CAME Estimate line compare with the 2020-21 Supplementary Estimate.

Subheads	Description	Capital AME		Change from Main Estimate		note number
		£ million	%	£ million	%	
		Main Estimate 21/22	Supplementary Estimate 20/21			
V	Highways England (net)	100.0	132.0	-32.0	-24%	28
Y	Other Railways	0.0	0.0	0.0		
Z	Aviation, Maritime, Security & Safety	-20.0	-20.0	0.0	0%	
AD	High Speed Rail	5.2	356.3	-351.1	-99%	29
AE	High Speed Two Limited (net)	0.0	1.3	-1.3		
	Total voted and non-voted	85.2	469.6	-384.4	-82%	

Differences of more than 10% and more than £10m are explained below. Numbers relate to the relevant row in the table above

28. Highways England (net)

Capital AME under this subhead is forecast to decrease by £32m or 24%, this mainly relates to:

- Land purchases deferred from 2020-21 into 2021-22 resulting in the provision reversals occurring later.

29. High Speed Rail

Capital AME under this subhead is forecast to decrease by £351.1m or 99%. This is driven by changes in planned movements in HS2 Land & Property provisions, with increases and utilisation both impacted by Covid 19.

2.2 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e.: savings in these budgets cannot be used to fund pressures on other budgets.

Spending Total Amounts sought this year (Main Estimate 2021-22)	Compared to final budget last year. (Supplementary Estimate 2020-21)		Compared to original budget last year. (Main Estimate 2020-21)		
	£m	£m	%	£m	%
High Speed Two Limited (Resource DEL)	204.6	+90.7	+79.6%	-38.4	-15.8%
High Speed Two Limited (Capital DEL)	4,423.5	+ 1,175.4	+36.2%	+367.0	+9.0%
Highways England (Capital DEL)	3,816.6	+361.8	+10.5%	-14.4	-0.4%
Depreciation (Resource DEL)	8,060.3	- 0.0	0.0%	+770.0	+10.6%
Depreciation (Resource AME)	1,361.2	930.2	215.8%	929.7	215.5%

2.3 Contingent liabilities

The following statutory liabilities have been revised since Supplementary Estimate 2020-21:

- 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. This liability has decreased from £1.21bn to £1.02bn, this reflects the Department's falling exposure over time.
- CTRL Act 1996. Undertaking under the HS1 concession agreement. This potential liability has increased from £4.71bn to £4.77bn, this change reflects the latest estimate from HS1 LTD on the amount for which the Department would be liable, should the contingent liability crystallise.

The following non-statutory liabilities have been revised since Supplementary Estimate 2020-21:

- Indemnities issued to businesses at rail privatisation and transferred from BRBR on abolition. This potential contingent liability has fallen from £19.8m to £12.5m reflecting the expiry of some of the underlying indemnities.
- Commitment by the Department to fund any shortfall of toll revenue from the Mersey Gateway Bridge to meet Halton's financial obligations under the Demand Management Participation Agreement. This potential cost has fallen from £1.34bn to £1.31bn reflecting the reduction in the Department's exposure, as toll income collected is used to cover the cost of construction.
- Other contingent liabilities, including legal claims, comprising both quantifiable (disclosed) and unquantifiable amounts. This potential liability has fallen from £930m to £480m, reflecting a court ruling earlier in the year.
- Cross-guarantees within NR Group - indemnities given by companies within the Network Rail Group to support entities that are not consolidated within the DfT resource accounts, to deliver value for money to the taxpayer. This potential liability has increased from £168m to £171m.
- Indemnities to stakeholders relating to infrastructure works, comprising quantifiable (disclosed) and unquantifiable elements. This comprises existing indemnities that were classified separately at the Supplementary Estimate due to materiality, and indemnities given since last year's Main Estimate. This potential liability has increased from £177m to £277m, this was mainly driven by additional HS2 Undertakings and Assurances given during the Phase 2A petitioning stage.

Table A

Table provided separately.

Glossary of Terms

Administration Budget: A Treasury control on resources consumed directly by departments and agencies/NDPBs that forms part of the Departmental Expenditure Limit (DEL). Includes things such as staff costs, accommodation, etc, where they are not directly associated with frontline service delivery.

Ambit: The ambits 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). The ambit describes the activities for which provision sought in the Estimate will be used.

Annually Managed Expenditure (AME): AME is spending included in Total Managed Expenditure (TME), which does not fall within Departmental Expenditure Limits (DELs). Expenditure in AME is generally less predictable and controllable than expenditure in DEL.

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

Budget Exchange: A mechanism that allows departments to surrender an underspend in advance of the end of the financial year in return for a corresponding increase in the following year, subject to Treasury agreement.

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

Departmental Expenditure Limit (DEL): A Treasury budgetary control. DEL spending forms part of Total Managed Expenditure (TME) and includes that expenditure which is generally within the departments control and can be managed with fixed multi-year limits. Some elements may be largely demand led. There is a small DEL Reserve from which the Treasury may support unavoidable costs that cannot be absorbed within the existing limit.

Derivatives: A derivative is a financial instrument or other contract within the scope of IFRS9 with all three of the following characteristics:

First its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying'). Second, it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors and Third, it is settled at a future date.

Grant-in-Aid: Financing payment made by a department to an NDPB or other arm's length body.

Non-budget: Income and expenditure normally refers to income and expenditure that pass through a government department's books and that are not included in DEL or departmental.

Net Cash Requirement (NCR): The limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to a department in support of expenditure in its Estimate. In the case of a negative net cash requirement, the department must generate a surplus of at least that amount.

Non-Departmental Public Body (NDPB): A body that has a role in the process of government but is not a government department or part of one (though NDPBs fall inside the budgetary, Estimates and accounting boundary of government departments). NDPB's operates, to a greater or lesser extent, at arm's length from Ministers.

Provision: A liability that has arisen but where the timing and/or amount of the payment is uncertain.

Reserve: An amount within DEL not allocated to departmental programmes, which provides a margin to cover emergencies and genuinely unforeseen contingencies.

Spending Review (SR): A cross-government review of departmental aims and objectives and analysis of spending programmes. Results in the allocation of multi-year budgetary limits.

Supplementary Estimate: The means by which departments seek to amend parliamentary authority provided through Main Estimates by altering the limits on resources, capital and/or cash or varying the way in which provision is allocated. Normally presented in January each year.

Supply Expenditure: Is expenditure that is voted by Parliament either in the annual Main Estimates (at the start of the year) or in Supplementary Estimates in-year.

Non-voted Expenditure: Expenditure is expenditure that is not voted by Parliament through the Supply procedure. It includes spending funded from various funds, such as the National Insurance Fund.