



Department
for Transport

Guidance

Letter to local authorities about local highway maintenance funding in 2026 to 2027

Updated 14 April 2026

Applies to England

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From: Antonia Williams, Director General, Roads Transport Group, Department for Transport

To: Chief executives, local highway authorities in England

Highways maintenance incentive funding requirements for 2026 to 2027

Dear chief executive,

The Department for Transport (DfT) has previously announced [funding allocations for 2026 to 2027](https://www.gov.uk/government/publications/highways-maintenance-funding-allocations/highways-maintenance-block-formula-allocations-2026-to-2030) (<https://www.gov.uk/government/publications/highways-maintenance-funding-allocations/highways-maintenance-block-formula-allocations-2026-to-2030>), including a highways maintenance incentive element. I am writing to set out the requirements your local highway authority will need to meet to qualify for the highways maintenance incentive funding for the 2026 to 2027 financial year.

Why we are introducing these requirements

The government has confirmed record levels of long-term highways maintenance funding – £7.3 billion between 2026 to 2027 and 2029 to 2030 – to help local highway authorities plan ahead, adopt more preventative maintenance and improve the long-term condition of England's local roads network.

In addition, the department is simplifying its funding arrangements for many areas, providing greater flexibility and consolidating funds that are paid to the local transport authority.

To ensure this increased and long-term investment translates into real improvements for road users, the department has introduced a strengthened regime of transparency reporting, annually updated ratings, and incentive funding, which was first implemented in 2025 to 2026.

These reforms respond directly to recommendations from the National Audit Office and the Public Accounts Committee, which have called for a better understanding of the condition of local roads and more robust monitoring of how funding is being used.

The department wants to ensure that its highways funding delivers safer, smoother and more reliable journeys – and that all authorities, regardless of size or geography, spend their funding in line with best practice and on the basis of strong asset management foundations.

The 2026 to 2027 incentive fund requirements, therefore, include:

1. Publication of a highways maintenance transparency report for 2026 to 2027, reinforcing a culture of transparency and accountability, so that residents can see how funding is being spent and what outcomes are being achieved.
2. Spending at least the value of DfT's highways maintenance funding on highways maintenance, ensuring this is the case in all, not just most, local highway authorities.
3. Publication of an updated highways asset management policy and strategy, ensuring maintenance plans consider whole-life cost and long-term outcomes rather than focusing on reactive approaches.
4. Demonstration of continued professional learning, including in relation to preventative maintenance in the 38 authorities where no preventative road surface treatments were planned to be delivered in 2025 to 2026.

The department recognises that many authorities already meet the second, third and fourth requirements above and, in many cases, have done so to a high standard for many years. However, setting out clear and consistent expectations ensures that all local highway authorities, without exception, meet these requirements so that increased, long-term funding is used as effectively as possible.

Two of these requirements – evidence of spending all DfT's highways maintenance funding on highways maintenance and the publication of an updated asset management policy and strategy – will need to be evidenced within the transparency reports that the authority publishes for 2026 to 2027.

Full details on these requirements are in annex A, alongside further guidance on the share of your incentive funding that is subject to each of these requirements, reporting timelines and the resulting payment schedules for your incentive funding in 2026 to 2027.

Please review these requirements carefully and ensure your authority complies with them.

Note: if a local highway authority within a combined authority/combined county authority (CA/CCA) area does not meet the requirements, the allocation to the CA/CCA will be reduced by the amount attributable to that constituent highway authority.

If a local highway authority sits within an area in receipt of an integrated settlement, the mayoral strategic authority will receive all highway maintenance funding in full via their integrated settlement in April 2026. It is expected that all local highway authorities in these areas continue to participate in the transparency reporting and comply with the incentive funding requirements. Incomplete reporting will be considered as part of future funding decisions.

As detailed in annex A, the department is currently working with local highway authorities and their representative bodies to update the transparency reporting guidance for 2026 to 2027. We will publish the updated transparency guidance and templates later this spring and authorities will then have 3 months to fill in and publish their reports.

If you have any questions about the incentive funding requirements, contact officials at: roadmaintenance@dft.gov.uk.

The department will provide details about a webinar to support authorities with these requirements in due course.

Yours sincerely,

[SIGNED]

Antonia Williams
Director General, Roads Transport Group, Department for Transport

Annex A: detailed incentive fund requirements

Table 1: Overview of incentive fund requirements, their weightings and reporting timelines

Requirement	Weighting	Reporting timeline
1: Publication of a highways maintenance transparency report for 2026 to 2027	All incentive funding will be withheld if a report is not published If a report is published, this will unlock 50% of your incentive funding	The department will publish updated transparency report guidance and a template later in the spring and authorities will then have 3 months to publish their 2026 to 2027 reports
2: Spending all of DfT's highways maintenance funding on highways maintenance	25% of your incentive funding (subject to a transparency report also being published)	To be demonstrated within your 2026 to 2027 highways maintenance transparency report
3: Publication of an updated highways asset management policy and strategy	12.5% of your incentive funding (subject to a transparency report also being published)	To be demonstrated within your 2026 to 2027 highways maintenance transparency report
4: Demonstration of continued professional learning	12.5% of your incentive funding (subject to a transparency report also being published)	To be demonstrated to DfT via email by 30 November 2026

Detailed requirements for each incentive element

1. Publication of a highways maintenance transparency report, 2026 to 2027

DfT will publish updated transparency report guidance and a template later in the spring, and authorities will then have 3 months from the publication date to publish their 2026 to 2027 reports. The department will write to you to notify you when the updated guidance and template are published.

All incentive funding will be withheld if a report is not published. If a report is published, this will unlock 50% of your incentive funding.

The department is working with local highway authorities and their representative bodies to update the transparency reporting guidance for 2026 to 2027.

2. Spending all of DfT's highways maintenance funding on highways maintenance

Within your 2026 to 2027 highways maintenance transparency report, confirm that your authority's forecast spending on highways maintenance in 2026 to 2027 is at least the value of DfT's highways maintenance allocation in the 2026 to 2027 financial year.

DfT highways maintenance allocation for 2026 to 2027 is defined as the total allocation from your highways maintenance block grant (baseline and incentive) (<https://www.gov.uk/government/publications/highways-maintenance-funding-allocations/highways-maintenance-block-formula-allocations-2026-to-2030>).

If your authority sits within a combined authority, the relevant allocation is the amount passported to you for highways maintenance by your combined authority.

Eligible spend for maintaining local highways is defined as follows:

Local highways maintenance spend means any capital expenditure incurred by a local highway authority to maintain the highways for which it is responsible under section 41 of the Highways Act 1980. This includes capital works required to keep the highway network safe, serviceable and in a condition fit for its intended use.

This covers capital maintenance on all parts of the highway, including (but not limited to):

- carriageways (resurfacing, patching, surface treatments, reconstruction)
- footways and cycleways
- highway drainage (including gullies, culverts, ditches and associated assets)

- structures (bridges, retaining walls, subways, culverts, tunnels, etc)
- street lighting and signage
- traffic signals and other highway electrical assets
- highway earthworks (embankments, cuttings, slopes)
- safety fences, barriers and parapets
- winter service–related capital renewals (for example, gritter fleet, depots, salt barns, where capitalised)
- capitalised design, surveys, inspections and investigations where directly related to maintenance schemes
- capital renewals or replacements of existing highway assets

The highways maintenance capital funding that the department provides must be used for capital purposes. It cannot be converted to, or used as, resource expenditure.

If any of your allocation is ‘pre-spent’ in the preceding financial year (for example, preparatory works in the previous financial year) or post-spent in the subsequent financial year (for example, delivering a large scheme in the following year), then your highways maintenance capital spend forecast for 2026 to 2027 may be lower than the DfT allocation by the amount that has been pre-spent or that is planned to be post-spent and this will still comply with this incentive requirement as long as this is clearly explained in the transparency report.

Examples include:

- preparatory works such as patching in the preceding financial year ahead of preventative surface treatments in the 2026 to 2027 financial year, which means that, as a result of having pre-spent money in the preceding financial year, you had to recoup this money by lowering your 2026 to 2027 spend by the amount you had pre-spent in the preceding financial year
- a lower spend in 2026 to 2027 to enable any unspent funds to be carried over to 2027 to 2028 in order to provide a large highways maintenance project, then (for example, a large structural renewal project)

In addition, to account for normal accounting variation, a forecast of spending 99% of your DfT highways maintenance grant on highways maintenance in 2026 to 2027 will be considered acceptable.

This information must be included in your 2026 to 2027 highways transparency report, which must be signed off by your section 151 officer.

The department will ask you in your 2027 to 2028 highways transparency reports whether the spending information you provided in your 2026 to 2027 report materialised. If this is not the case and if your actual 2026 to 2027 highways maintenance spend was lower than DfT's allocation for that year, then the department may consider this as part of its 2027 to 2028 highways maintenance incentive funding allocation to your authority and may withhold part of this incentive funding.

If an authority does not forecast to spend its full DfT allocation, or the transparency report does not carry the required section 151 officer sign-off, the authority will not receive 25% of its incentive funding.

Note: this requirement is separate from the road maintenance ratings process, which, for the 2025 to 2026 financial year, required a higher capital spend from sources in addition to DfT's highways maintenance grant in order to receive a 'green' spend scorecard.

3. Publication of an updated highways asset management policy and strategy

Within your 2026 to 2027 highways maintenance transparency report, provide a link to your authority's published highways asset management policy and strategy on your website. The policy and strategy must have been updated or reviewed within the past 24 months of the publication deadline for your 2026 to 2027 highways maintenance reports (since August 2024 or more recently) and signed off by senior political decision makers.

An asset management policy and strategy should set out how the authority manages its highway assets. It should show how this links to your corporate vision and wider policies, providing the 'line of sight' for the asset management strategy. It should be endorsed by senior political decision makers and published on the authority's website. This document must have been published or reviewed within the past 24 months of the 2026 to 2027 highways maintenance publication deadline (since August 2024 or more recently).

As part of your transparency report, please provide proof of the review or update. Examples of evidence could include minutes from a cabinet or executive meeting where the plan got signed off, or an email from the cabinet member with responsibility for highways confirming their clearance.

If your asset management plan has not been updated or reviewed in the past 24 months, confirm that you will review it within the next 12 months of the 2026 to 2027 highways transparency report publication deadline (by August 2027) and provide a timetable setting out your plan to do so. The department will ask you in your 2027 to 2028 highways transparency reports whether your plans to review your asset management plan materialised. If this is not the case, then the department may consider this as part of its 2027 to 2028 highways

maintenance incentive funding allocation to your authority and may withhold part of this incentive funding.

An asset management policy and strategy should:

- show senior decision makers' commitment to good asset management
- describe the principles and approach your authority uses
- link to the authority's wider policies and objectives
- set out expected levels of service
- explain your approach to managing highway assets to stakeholders

The strategy should set out the objectives that the authority aims to achieve. It should clearly link to the corporate vision and demonstrate how the highway maintenance service will support that vision over the medium to long term. It should set out the major assets the authority manages and how it intends to manage them over the medium to long term. Ideally, the objectives in the strategy should be described as outcomes.

An authority which does not have a published asset management policy and strategy which has been reviewed in the past 24 months, signed off by their senior political decision makers and has not confirmed that it will review and secure that sign-off within the next 12 months will not receive 12.5% of its incentive funding.

4. Demonstration of continued professional learning

By 30 November 2026, submit evidence to DfT that your highways maintenance team has undertaken learning or professional development related to highways maintenance within the 12 months before 30 November 2026. This should also include a short statement of under 100 words on how this learning is being applied or will be applied within your authority.

Email your evidence to: roadmaintenance@dft.gov.uk.

The vast majority of authorities already carry out preventative treatments as part of their normal maintenance approach and the department values the strong preventative practice embedded across the sector. Thirty-eight authorities reported that they had not carried out preventative carriageway maintenance in 2025 to 2026. Those 38 authorities must ensure that their learning relates specifically to preventative maintenance or approaches that support preventative practice. Authorities that did undertake preventative maintenance may have learned from any area of highway maintenance. The version of this letter issued by the department to each local highway authority specifies, within this paragraph, which of these 2 scenarios applies to that authority and, thus, whether the required learning needs to relate to

preventative maintenance or approaches that support preventative maintenance.

The department recognises that many authorities already have strong arrangements in place for maintaining skills, keeping up to date with best practice, and ensuring their teams have the technical knowledge they need. This requirement is intended to ensure that all highways teams without exception can access and benefit from the high-quality training and development opportunities provided by industry bodies, sector experts and professional networks. Highway professionals should maintain up-to-date knowledge and skills, in line with the UK roads leadership group competency framework.

The learning does not need to be undertaken by the authority's asset manager. Authorities should nominate the individuals for whom the learning would have the greatest impact. This may include inspectors, technicians, engineers, supervisors, operational staff or strategic officers, depending on local circumstances.

Authorities are asked to provide examples of relevant learning or professional development undertaken within the specified period by at least 2 members of their highway teams. There will be further opportunity for local authorities to set out the full range of activities they undertake to ensure professional learning through their 2026 to 2027 highways maintenance transparency report.

Learning activities may include:

- in-house training
- professional training courses
- conferences
- technical training seminars
- webinars, seminars
- innovation events
- participation in sector networks or working groups
- supplier briefings
- trials undertaken
- adoption of new or innovative services or products
- peer learning or benchmarking
- subscriptions to sector news sources

- memberships of professional associations or other recognised development activities

CPD accreditation is not essential, but learning must be relevant and support competency development.

Evidence submitted must show:

- the learning activity undertaken
- the job titles of at least 2 highway team members who undertook this training
- how this learning is being applied or will be applied, within your authority (within a written statement of under 100 words)

This evidence could be in the form of participation certificates or booking confirmations, alongside a description of how the learning has been or will be applied within your authority.

Note: the release of the incentive funding will not be subject to an assessment of the quality of your statement in relation to how this learning will be applied, and instead, this will only be used to inform the department's understanding of how you are applying this learning.

Authorities that do not provide evidence in line with the above will not receive 12.5% of their incentive funding.

Incentive fund payment schedule

The following information and payment schedule apply to local highway authorities and local transport authorities that do not receive an integrated settlement.

Quarter 1: 2026 to 2027

No highways maintenance incentive funding paid out.

Quarter 2: 2026 to 2027

No highways maintenance incentive funding paid out.

Quarter 3: 2026 to 2027

50% of the incentive funding paid out, subject to meeting the incentive fund requirement 1 as set out above.

If the requirement is not met, then all the authority's incentive funding will be withheld and no incentive fund payments will be made in either quarter 3 or quarter 4 2026 to 2027.

Quarter 4: 2026 to 2027

Remaining 50% of incentive funding paid out, subject to meeting incentive fund requirements 2, 3 and 4, as set out above (and also having met incentive fund requirement 1).

If any of the incentive fund requirements 2, 3 or 4 are not met, then the incentive fund payment for quarter 4 2026 to 2027 will be reduced in line with the weightings set out above.

Those local highway authorities that receive 'baseline' and 'incentive' funding from the highways maintenance block grant and which meet all the incentive requirements, will see a flat payment profile from the highways maintenance block grant, with equal payments in each quarter.

For those authorities, the payments for the first 2 quarters will be made exclusively from your 'baseline' funding pot and the payments for the last 2 quarters will be made from your 'incentive' as well as 'baseline' pot.



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