

Report to:	Lead Member for Transport and Environment
Date of meeting:	8 September 2025
By:	Director of Communities, Economy and Transport
Title:	Highway Maintenance Incentive Funding 2025/26
Purpose:	To seek approval of a draft report to the Department for Transport answering questions regarding spending on highway maintenance.

RECOMMENDATIONS: Lead Member is recommended to:

- 1) Note the information provided in the report regarding highway maintenance grants; and**
 - 2) Approve the draft East Sussex County Council Incentive Fund Report to the Department for Transport at Appendix 1.**
-

1. Background

1.1. In December 2024, the Government announced the 2025/26 Highway Maintenance Block funding allocations, including additional funding announced by the Chancellor as part of the 2024 Budget. East Sussex County Council has been allocated £15,430,000 as baseline funding plus an additional £5,570,000 'uplift' funding.

1.2. However, the uplift includes a new 'incentive' element: 25% of the additional funding for 2025/26 will be contingent on demonstrating to the Department for Transport (DfT) that the County Council is complying with certain criteria aimed at driving best practice and continual improvement in highway maintenance. For East Sussex County Council, 25% of the additional funding is £1,392,500.

1.3. The DfT has said that these new requirements stem from the recent National Audit Office report and subsequent Public Accounts Committee hearing on the Condition and Maintenance of Local Roads in England. Both have recommended that the DfT seeks to improve its understanding of the condition of the country's roads.

2. Supporting information

2.1. To achieve maximum funding, local highway authorities are required to complete 2 tasks:

- 1) Publish a plain-English report on their websites by the end of June 2025 describing how highway maintenance is funded, the state of the highway network and what they are doing to maintain it. This task has been completed: [Roads in East Sussex | East Sussex County Council](#)
- 2) Provide more detailed information to the DfT regarding the value of their highway assets and evidence that they are following certain best practice criteria by 31 October 2025. This will not need to be published on the website, but will need to be signed off by the Section 151 officer and either the Leader of the Council, or the Cabinet Member with responsibility for highways. A copy of the draft report has been provided at Appendix 1.

2.2. Further information regarding best practice and the new reporting requirements can be found in the Local Government Association's guide for Councillors: [Improving highways maintenance productivity | Local Government Association](#), 7 May 2025.

Financial implications

2.3. Officers are confident that the County Council's approach will meet the criteria and allow the County Council to achieve maximum funding. However, if the County Council fails to do so, then up to £1,392,500 of potential funding could be lost.

2.4. The DfT has confirmed that payments will be made quarterly as usual. The DfT will make the assessments after submission of the second report in October 2025 and therefore it will be the fourth quarterly payment that will be reduced if authorities do not meet the criteria. The DfT has not provided any information about how they will assess authorities' responses or whether they will deduct some or all of the funding if authorities do not meet the criteria.

2.5. The DfT have indicated verbally that they may use the information to develop further criteria for a new Incentive Fund in future years, but have not provided any details. It is possible that this could be similar to the 2015/16 – 2023/24 Incentive Fund where authorities were given a proportion of their funding based on a self-assessment of how well they were meeting 21 areas of best practice. East Sussex County Council had achieved full funding in this Incentive Fund scheme.

2.6. The Council's s151 officer has approved the draft report at Appendix 1.

3. Conclusion and reasons for recommendations

3.1. In order to achieve maximum Government funding for highway maintenance, the Council will need to demonstrate that it meets certain best practice criteria and share this with the DfT. If the Council fails to do so the Government may withdraw £1,392,500 from the 2025/26 Highway Maintenance Block funding.

3.2. The Lead Member is therefore recommended to:

- Note the information provided in the report regarding highway maintenance grants; and
- Approve the draft East Sussex County Council Incentive Fund Report to the DfT at Appendix 1.

RUPERT CLUBB

Director Communities Economy and Transport

Contact Officer: Andrew Turner

Tel. No: 01273 482644

Email: Andrew.Turner@eastsussex.gov.uk

LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None