



Department for Transport

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Local Transport Funding Growth & Delivery
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Wirral

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Dear Colleague,

Local Highways Maintenance Capital Block Funding 2015/16 to 2020/21

[PLEASE NOTE: ACTION IS REQUIRED BY 11 DECEMBER WITH RESPECT TO FUNDING FOR THE NEXT YEAR AND BEYOND]

You may have seen within the National Infrastructure Plan published on 2 December - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381884/2902895_NationalInfrastructurePlan2014_acc.pdf - the Government has announced the following local highways maintenance capital funding allocations for English local authorities on a regional basis:

- North East - £270 million
- North West - £630 million
- Yorkshire and the Humber - £490 million
- East Midlands - £540 million
- West Midlands - £510 million
- East of England - £650 million
- South East - £780 million
- South West - £850 million

This follows the Department's recent consultation on how the £5.8 billion should be allocated to local highway authorities in England. We are very grateful for the feedback received which has helped Ministers reach decisions on how to allocate the £976 million of local highways maintenance capital block funding available each year. A summary of the key decisions that Ministers have taken is attached at **Annex A** for your information. A formal response to the consultation will be published in due course.

The purpose of this letter is to provide you with draft “needs-based” formula-funding allocations for your authority for each year from 2015/16 to 2020/21 for review. Ministers have set the following annual budgets for the needs-based allocations to local authorities, from within the £976 million of total highways maintenance funding available each year.

Year	Needs-based formula funding for English local authorities (£000)
2015/16	901,000
2016/17	826,000
2017/18	801,000
2018/19	725,000
2019/20	725,000
2020/21	725,000

As proposed in the consultation, every authority will also have the opportunity to secure additional funding:

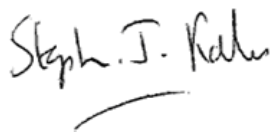
- on an “incentive basis”, dependent on its pursuit of efficiencies and use of asset management; and/or
- from a competitive Challenge Fund for major maintenance projects.

The needs based element for each local authority will be set for the first three years (from 2015/16 to 2017/18) with indicative allocations for the subsequent three years from 2018/19 to 2020/21. The indicative allocations will be reviewed in 2017/18 following a data refresh exercise. This will ensure that funding allocations best reflect need. **Annex B** to this letter outlines how the Department has calculated your authority’s indicative Highways Maintenance Block Funding ‘needs’ allocations for 2015/16 to 2020/21.

Please review Annex B and ensure that you are content with how we have calculated your authority’s local highways maintenance funding allocation. If you are satisfied, then please confirm this via email to roadmaintenance@dft.gsi.gov.uk by no later than 11 December 2014. If we do not hear from you then we will assume you are content. If you wish to raise any issues with the calculation, please email roadmaintenance@dft.gsi.gov.uk and include ‘request for clarification’ in the email title, so that we can respond quickly.

You can also contact Steve Berry for any other queries you may have – steve.berry@dft.gsi.gov.uk

Yours faithfully,



Stephen Fidler

cc robertclifford@wirral.gov.uk

Annex A

Local Highways Maintenance Capital Block Funding Consultation

The consultation - <https://www.gov.uk/government/consultations/local-authority-highways-maintenance-funding-201516-to-202021> - ran from 10 to 21 November 2014. This followed a discussion document published earlier this year which also sought views on the issue and which ran for eight weeks and included a number of roadshows held in locations in England.

The Department for Transport is grateful for the feedback received and those responses have helped Ministers reach a decision on how to allocate local highways maintenance capital block funding.

Responses

In total 143 responses were received which can be broken down as follows:

Response	Total
Metropolitan District	23
County Council	28
Unitary Authority	44
Organisation	37
Other Respondent	11
Grand Total	143

The questions on which we sought views can be split down into three sections as follows:

Funding Model / Needs Funding Element

52% of respondents supported the principle of the revised funding model as proposed within the consultation.

Some 82% of respondents supported the removal of the detrunking element from the needs based formula. **Ministers have agreed that this element will now be removed and incorporated into the roads element of the funding formula.**

53% of respondents also agreed to our proposition to replace the existing bridges element of the Fund with one that is based solely on the number of bridges with a span of 1.5 metres or more which are the responsibility of local highway authorities. We noted that a number of respondents felt that the proposal did not reflect the variety of the asset and that many authorities were responsible for different types of bridge stock, as well as other structures including retaining walls, tunnels, etc. **Ministers have decided that the new proposal should come into effect from 2015/16 to 2017/18 but have asked officials to revisit this element at the time of data refresh proposed for 2017/18 with new data to be incorporated into the formula for 2018/19 onwards. The Department will also seek views nearer the time from the UK Bridges Board.**

69% of those responding agreed for the street lighting element of the funding formula should be based on the number of street lighting columns only. In addition, 70% also agreed that those authorities with an operational street lighting PFI scheme should no

longer receive funding for the street lighting element of the need- based funding. **Ministers agreed with the majority of respondents on both issues and this will now be reflected in the needs based funding from 2015/16.**

With respect to traffic volumes, 63% agreed with the proposition of traffic volumes not being included in the funding formula. Many of the views received were similar to those provided earlier this year with amongst other things, some respondents suggesting that traffic is only one of a number of factors that influence the rate of asset deterioration. Taking into account the responses received, **Ministers have decided not to include traffic volumes in the new formula.**

The consultation also sought views on whether to set aside a proportion of the needs based funding for a resilience contingency fund. 75% of local authorities who responded to this question agreed that no funding should be set aside for contingency purposes. **Ministers have decided not to set aside funding for this purpose. The Department for Transport, therefore, recommends that local highway authorities ensure they retain a contingency for repairing damage to local highways and associated assets caused by incidents such as extreme weather that may occur from time to time.**

In the consultation we recommended introducing a new element to reflect that local highways are also used by pedestrians and cyclists. 87% of responses agreed with the inclusion of cycling and footways as an additional element of the need-based formula. The consultation suggested that this element would not be added to the formula until 2016/17 to ensure that data can be collected nationally on a consistent basis. However we note that many of the responses had concerns as to what would constitute a cycleway and that significant further work is likely to be needed to finalise definitions and collect data. **Ministers have therefore decided that we will not introduce this element into the formula until 2018/19. The Department will now undertake further work in 2015 with the Footway and Cycleway Management Group, a sub-group of UK Roads Board to provide guidance for local highway authorities in order for collection of data from 2017/18.**

We also proposed a 9% weighting for a cycling and walking element. There was no overall agreement whether this was the right weighting with 48 of respondents agreeing with the 9% proposed and 48 not. Some of those against suggested that the deterioration of a footway or cycleway would be much lower than that of a road. However, many agreed with the Department that this weighting should be used as it was consistent with HM Treasury data. **Ministers have set a proposed weighting of 9% but will consider reviewing this again as part of any data refresh. This will ensure that local authorities have 3 year funding certainty from 2015/16 to 2017/18.**

Incentive Element

The consultation proposed that an element of funding should be distributed on an 'incentive basis'. This element is in respect of efficiency and asset management and the level of funding a local highway authority will receive is based on the local authority's record in pursuing efficiencies and asset management *or* its public commitment to adopt these practices within an agreed period of time. **Ministers have decided to introduce an incentive element from 2016/17. Further details in respect of the self-assessment questionnaire proposed within the consultation will be announced in due course.**

Challenge Fund

The consultation asked whether a Challenge Fund for major maintenance schemes should run for three or for six years. 49% of respondents supported a six-year Challenge Fund with 43% disagreeing and 8% neither agreeing nor disagreeing. Local authority views were mixed with 46 out of a total of 92 who responded agreeing that the Fund should be over a six-year period. **Ministers have decided that a Challenge Fund should run for six years.** Further details with respect to the Challenge Fund will be announced shortly. It is suggested that authorities may wish to start to consider now whether they have major maintenance schemes that may wish to bid for funding for.

Annex B

Calculation of Highways Maintenance Block 'needs' funding, 2015/16 to 2020/21.

This Annex outlines how the Department has calculated the indicative Highways Maintenance Block Funding 'needs' allocations for **Wirral** for 2015/16 to 2020/21.

Please can you now check the calculations below and ensure that you are content with how we have calculated the local highways maintenance funding allocation for **Wirral**. **If you are satisfied, then please confirm this via email to roadmaintenance@dft.gsi.gov.uk by no later than 11 December 2014.** If we do not hear from you then we will assume you are content. If you wish to raise any issues with the calculation, please email roadmaintenance@dft.gsi.gov.uk and include 'request for clarification' in the email title, so we can respond quickly.

The allocations for each element:

As a result of the consultation, we have allocated a proportion of the total funding to four elements in the following proportions, derived from the Whole of Government Accounts:

Roads	75%
<i>Split evenly between:</i>	
<i>A roads</i>	25%
<i>B and C roads</i>	25%
<i>U roads</i>	25%
Bridges	14%
Lighting	2%
Cycleway and Footways	9%

However, to allow time for the Department to specify the data requirements for Cycleways and Footways, we will introduce this element from 2018/19 onwards. For years 2015/16 to 2017/18, the elements will receive the following proportions:

Roads	82.42%
<i>Split evenly between:</i>	
<i>A roads</i>	27.47%
<i>B and C roads</i>	27.47%
<i>U roads</i>	27.47%
Bridges	15.38%
Lighting	2.20%
Cycleway and Footways	0%

These revised proportions reflect the 9% for Cycleways and Footways pro-rated across the other three elements.

How each element has been calculated:

The allocation for an authority for each element is calculated in broadly the same way. This is:

Local authority total *divided by* **England total** *multiplied by* **England allocation for each element.**

And then rounded to the nearest 1,000.

The allocations for each of the elements are then added together to get the total allocation.

Data sources: roads

These are sourced from the Department for Transport's road lengths dataset for 2012 (in kilometres) here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/316382/rdl0202.xls

A-road totals have been calculated as:

Principal Motorway *multiplied by* 3 *plus* Principal rural 'A' *plus* Principal urban 'A' (all from *RDL0202a (2012)*) *plus* Dual Principal rural 'A' *plus* Dual Principal urban 'A' (both from *RDL0202b (2012)*)

B- and C-road totals have been calculated as:

'Rural B' *plus* 'Urban B' *plus* 'Rural C' *plus* 'Urban C' (all from *RDL0202a (2012)*)

U-road totals have been calculated as:

'Rural U' *plus* 'Urban U' (all from *RDL0202a (2012)*)

Data sources: bridges

These were sourced from local authorities in a recent data collection exercise and relate to the number of publicly maintainable highways bridges that highway authorities owned as of 1st April 2014. This figure should include all structures over 1.5 metres in span, whether carrying carriageway or footway (but not including public rights of way, nor structures belonging to other owners, such as Network Rail).

Data sources: lights

These were sourced from local authorities in a recent data collection exercise and relate to the total number of street lighting columns owned by authorities as of 1st April 2014.

PFI's

To calculate England totals for all three elements, the following three authorities with PFIs who receive all of their funding via PFI credits have been excluded, currently: Birmingham, Sheffield and the Isle of Wight.

To calculate England totals for the lighting element, in addition to the three authorities mentioned above, all authorities with a street lighting PFI have been excluded.

London Boroughs and the Isles of Scilly are also not eligible for funding and have also been excluded.

Calculation for: Wirral

	England total (A)	Authority total (B)	% of England total (C) = (B/A)*100	England total allocation (£000) (D)	Your LA allocation (£000) = (D) * ((C)/100)
A roads	29,505.9 kms	130.0 kms	0.44%	247,527	1,091
B- and C-roads	82,034.2 kms	121.0 kms	0.15%	247,527	365
U-roads	166,334.9 kms	963.3 kms	0.58%	247,527	1,434
Bridges	52,386	74	0.14%	138,615	196
Lights	3,308,593	36,771	1.11%	19,802	220
Total allocation for 15/16 (£000)				901,000	3,305

We have used this allocation for 2015/16 to then calculate the indicative allocations for the years to 2020/21. These are as follows:

Year	England allocations (£000)	Indicative authority allocations (£000)
2015/16	901,000	3,305
2016/17	826,000	3,030
2017/18	801,000	2,938
2018/19	725,000	2,659
2019/20	725,000	2,659
2020/21	725,000	2,659

These figures are indicative. The figures up to 2017/18 may change if any data issues are highlighted by local authorities. From 2018/19 onwards, they are indicative pending a data refresh, the collection of cycleway and footway data and a review of the bridges element in the formula.