

Local Highways Maintenance Branch  
DfT  
Great Minster House  
33 Horseferry Road  
London

21 November 2014

### **LGA response - Local Authority Highways Maintenance funding: 2015/16 – 2020/21.**

The Local Government Association (LGA) is a voluntary membership body and our member authorities cover every part of England and Wales. Together they represent over 50 million people and spend around £113 billion a year on local services. They include county councils, metropolitan district councils, English unitary authorities, London boroughs and shire district councils, along with fire authorities, police authorities, national park authorities and passenger transport authorities. The LGA welcomes the opportunity to respond to this consultation.

The LGA agrees with the Department for Transport (DfT) that the condition of our local roads is vital to the economic and social well-being of communities. Councils spend far in excess of the funding that is provided to them from DfT in maintaining local highways. In 2012/13 local government spent £3.3 billion (one third capital/ two-thirds revenue) on maintaining local roads infrastructure. Whilst the LGA welcomes the DfT's intentions on ensuring value-for-money for the tax-payer on highway's maintenance spending, the proposals put forward risk creating further delays, bureaucracy and removing decisions from the local areas that are best placed to make them.

#### **Question 1: Do you agree with the funding model?**

**No**, the LGA does not agree with the funding model.

Councils' core funding is already set to reduce by over 40% over the lifetime of this Parliament; therefore councils do not need any further incentives for becoming more efficient. All local authorities are already embedding efficiency and money-saving practices across all of their services, including highways services. Current efficiency measures include shared services, joint commissioning and strategic partnerships with suppliers as well as adopting 'Invest to save' strategies, such as on street lighting.

However, the LGA and its member councils recognise the importance of having robust asset management strategy in place for highways infrastructure and the LGA plays a full part in promoting best practice through the Highways Maintenance Efficiency Programme (HMEP), including managing the delivery of a peer challenge programme. Over 80% of councils have engaged with the HMEP programme to date and the LGA believes that this is the best way to extract further value-for-money from existing resources.

Following this consultation, should the Government decide it wants to go ahead with allocating an element of funding on an 'incentive' basis that it does so by giving councils

sufficient time to develop asset management strategies, including via support through HMEP, and ensure that the system for monitoring is as efficient as possible and involves minimal bureaucracy.

The Government, quite rightly, has recognised the benefits of certainty and consistency of funding for the strategic roads network and recounted the considerable benefits that result from this, such as driving innovation and enabling much greater focus on preventative and cost-effective long-term measures. Given that almost every journey has to start and end on local roads it is illogical that two different philosophies should be applied to funding our roads network. Local areas also need certainty of funding.

DfT proposals threaten to reduce funding for some local highways authorities by up to nearly 26% through top-slicing to create a competitive challenge fund, and holding back funding on demonstration of a commitment to adoption of efficiency and asset management principles. Competitive bidding reduces certainty and reduces the funding available for councils to plan maintenance work and to attract the support of other partners. It also diverts constrained and reduced staff resources away from service improvement to bid preparation, which may or may not be successful. LGA research<sup>1</sup> has shown that the average cost of putting together funding bids for local authorities alone was about £30,000. It also cost local authorities an estimated 33 days in officer time, per bid.

Furthermore, local decisions are removed from elected local politicians, who are best placed to tackle local issues, to unelected Whitehall officials.

The consultation does nothing to tackle the estimated £12 billion backlog of roads repairs and threatens to slow down councils' existing efforts in improving their local highways. It is the historic underfunding of investment in our roads, on the back of severe recent winters, which has led to the backlog of repairs that Government should be focusing on.

We believe there are other ways in which the LGA could work with DfT officials to extract further value-for-money from existing resources. The LGA are already partners of the DfT-led Highways Efficiency Maintenance Programme (HMEP) initiative to spread and support the take up of industry best practice, and actively support the programme through a popular peer review element.

## **Question 2: Do you agree with the idea of a self-assessment questionnaire?**

**No**, the LGA does not agree with the idea of a self-assessment questionnaire.

The proposed incentives regime and self-assessment questionnaire will add a layer of unnecessary bureaucracy and will use up local and national resources which could be better used for other front-line priorities. Councils are already committed to undertake efficiencies wherever they can and are ultimately accountable to their local electorate – they do not need to make separate public statements which are agreed centrally with the DfT.

---

<sup>1</sup> <http://www.local.gov.uk/documents/10180/11527/Cost+of+bidding+EXEC+SUMMARY.pdf/81afd2ca-ec92-4201-8116-518be498452e>

When he abolished national indicators in 2010, the Secretary of State for Local Government said “national targets tend to mean that councils are constantly working on things which matter to Whitehall, regardless of what local residents think. I’d much rather councils were tackling local issues. The money being spent on form fillers and bean counters could be far better spent helping elderly people to stay in their homes”<sup>2</sup>. This move seems to represent a reversal of the Government’s welcome commitment to freeing councils from red tape.

**Question 3: What questions should be included in the self-assessment questionnaire?**

**None**, as the LGA does not agree with the idea of a self-assessment questionnaire.

**Question 4: Do you agree with the system of bandings for distributing the efficiency incentive?**

**No**, as the LGA does not agree with the funding model proposed. The need to band distribution emphasises the overly-complex, wasteful and bureaucratic nature of the Government’s proposals.

**Question 5: Are the phasing/progression percentages of bandings appropriate?**

**No**, as the LGA does not agree with the funding model proposed

**Question 6: Do you agree with our proposed approach to redistributing any unallocated funding?**

**No**, as the LGA does not agree with the funding model proposed

**Question 7: Do you agree with the Department's proposal not to set aside any funding from here for resilience contingency purposes?**

**Yes**, we agree that all funding should be allocated to councils without any top-slicing. Councils understand their priorities better than central government and should be given maximum flexibility to target their resources according to local circumstances and needs. Councils are already prudent in how they allocate their spending and always step in to protect their communities and help them recover after major and extreme weather events.

However, it is crucial that the Government continues to accept a share of the risk. The recent emergency funding came from savings from other budgets within the Department, not the local highways maintenance budget. The impacts of extreme weather are felt not just by local communities but extend to a wider area and have economic and financial implications for UK Plc. For example, some local roads serve a much greater need than to immediate communities surrounding it, such as preventing vital distribution of food or distribution of goods and services. Residents and local businesses will look to local government for assistance in times of weather events so central Government should be prepared to use its reserves and savings at such times.

---

<sup>2</sup> <https://www.gov.uk/government/news/councils-red-tape-cut-as-4-700-whitehall-targets-slashed>

We are also currently developing our own proposals for reform to the Bellwin Scheme for emergency financial assistance that will bring more consistency and clarity to local authorities.

**Question 8: Do you agree that the detrunked roads element of the formula should be removed?**

There appears to be merit in this proposal as it simplifies the formula and brings it more up-to-date. However, we would need to understand the variation in budgets and whether this impacts negatively on services.

**Question 9: Do you agree with the suggestion to replace the existing bridges element of the funding formula with one that is based solely on the number of bridges?**

There appears to be merit in this proposal as it simplifies the formula and brings it more up-to-date. However, we would need to understand the variation in budgets and whether this impacts negatively on services.

**Question 10: Do you agree that the existing street lighting element of the funding formula should be replaced with one that is based the number of street light columns only?**

There appears to be merit in this proposal as it simplifies the formula and removes perverse incentives. However, we would need to understand the variation in budgets and whether this impacts negatively on services.

**Question 11: Do you agree that those authorities with an operational street lighting PFI do not receive street lighting formula funding as part of their allocation?**

We agree that it makes sense for street lighting to be treated consistently as highways authorities who have PFI highways maintenance arrangements.

**Question 12: Do you agree that cycling and walking proposals could be included in any proposed challenge fund?**

The LGA **does not agree with the proposed challenge fund**. Councils would prefer to have maximum certainty and flexibility over their funding to meet local circumstances.

**Question 13: Do you agree with the inclusion of cycleways and footways as additional elements to the funding formula?**

Cycling and walking infrastructure are important to councils and they use their resources to maintain and improve them. It would be better to review this element of the proposal when there is accurate and comprehensive information available. However, we would need to understand the variation in budgets and whether this impacts negatively on services.

**Question 14: Is 9% an appropriate weighting for cycling and walking within the funding formula?**

Please see response to Q13.

**Question 15: Do you agree that traffic volumes should not be included in the funding formula?**

**Yes**, as including traffic volumes could provide a perverse incentive to attract greater traffic, thereby causing more deterioration than otherwise.

**Question 16: Do you agree with the suggested weightings?**

We would need to understand the variation in budgets and whether this impacts negatively on services. Please see response to Q13 with respect to cycling and footways.

**Question 17: Do you agree for a challenge fund to be for the full six-year period from 2015-16 to 2020-21?**

The LGA **does not agree with the challenge fund** proposal.

**Question 18: Are there any other schemes that should be eligible for funding?**

We do not agree with the Challenge Fund so we are unable to comment on this question.

**Question 19: Are the funding thresholds appropriate?**

We do not agree with the Challenge Fund so we are unable to comment on this question.