

North Yorkshire Council
Environment Executive Members

24 October 2025

DfT Highways Incentive Element Reporting

Report of the Assistant Director – Highways and Infrastructure

1.0 PURPOSE OF REPORT
1.1 To seek approval from Executive Member for Highways and Transportation, for the Council's response to the Department for Transport's (DfT) Incentive Element reporting requirements, related to the value of highway assets and how the Council is following best practice criteria in relation to highway maintenance activity.

2.0 SUMMARY

2.1 This report provides details of the North Yorkshire Council (NYC) response to the DfT request for information on the value of highway assets and how we are following best practice criteria in relation to highway maintenance. This is a requirement from DfT to ensure that we receive our full highway maintenance allocation for 2025/26. Failure to complete this will result in NYC losing 25% of its new highway maintenance funding received in 2025/26, which accounts for £3.87M of funding for NYC.

3.0 BACKGROUND

3.1 The Government announced £62.181M of funding for 2025/26 Highway Maintenance on 20 December 2024. This was awarded to York and North Yorkshire Combined Authority (YNYCA) and was the total value for NYC and City of York (CYC). As part of this announcement the government stated that the DfT would introduce a new incentive element in 2025 to 2026 to ensure that best practice in sustainable highways asset management is followed. 25% of the funding uplift will be held back until local authorities can prove that they are meeting certain criteria, with further details to be shared with local authorities in due course.

3.2 A report was approved at the 07 March Combined authority meeting which split the received funding between NYC and CYC. The funding split was £57.758M for NYC and £4.23M for CYC. The £57.758M for NYC is made up of two funding awards, outlined in the table below. Note this is for highway maintenance funding only and does not include the Integrated Transport Block (ITB) funding of £3.046M

Highway Maintenance Funding 2025/26

Funding Award	Funding for NYC	Comments
Baseline Highway Maintenance Block	£42.284M	
New Funding 2025/26	£15.474M	25% of funding dependent on meeting submission of information to DfT

3.3 The 2025/26 Highways Capital Programme was structured around receiving the full allocation of £57.758M alongside the ITB allocation of £3.046M.

4.0 REQUIREMENTS FOR LOCAL HIGHWAY AUTHORITIES TO COMPLETE

4.1 On 20 March 2025 DfT wrote to all Local Highway Authorities (LHA) in England to confirm the requirements that LHAs would need to meet in order to ensure they receive the full amount of new funding. The requirements were in response to recommendations from a National Audit office report and subsequent Public Accounts Committee hearing on the condition of local roads.

4.2 The first requirement was for a “Transparency Report” to be completed by the end of June 2025, detailing spend on highway maintenance activity, road condition information and further details on how we carry out highway maintenance. This report was completed ahead of the deadline as is available here <https://www.northyorks.gov.uk/roads-parking-and-travel/information-about-our-highway-maintenance>

4.3 The second requirement was for further information to be provided on the value of highway assets and compliance with certain best practice criteria. This is to be submitted by 31 October 2025. There is a requirement that the response is formally approved by the Executive Member with responsibility for highways and the Council’s section 151 officer.

4.4 A draft response for approval by the Executive Member for Highways and Transportation is included within Appendix A.

5.0 FINANCIAL IMPLICATIONS

5.1 The key financial implication is the potential for not receiving the full allocation of new funding for 25/26. There has been no further information from DfT on how the responses will be reviewed and scored. Additionally, there is no information on how any reduction in funding would be implemented in the unlikely event that we would not meet the required standard from DfT. We continue to progress with capital scheme delivery as per the 2025/26 annual capital programme.

5.2 The contents of this report make no changes to the Environment Capital Plan expenditure limits.

6.0 LEGAL IMPLICATIONS

6.1 The Council, in its capacity as the Local Highway Authority, Street Authority and Local Traffic Authority must act in accordance with a wide range of statutory powers and duties imposed by legislation.

6.2 Delivery of the highway service, which is outlined in the response to DfT is completed in line with the relevant legislation such as the Highways Act 1980, the New Roads and Street Works Act 1991, the Road Traffic Regulation Act 1984, the Transport Act 2000, the Traffic Management Act 2004 and the Flood and Water Management Act 2010.

7.0 EQUALITIES IMPLICATIONS

7.1 Consideration has been given to the potential for any adverse equality impacts arising from the recommendations. No adverse impacts have been identified.

7.2 A copy of the Equalities Impact Assessment Screening Form is not required’ form is attached as Appendix B.

8.0 CLIMATE CHANGE IMPLICATIONS

8.1 A climate change impact assessment has been carried out, see Appendix C. This has identified no adverse climate changes implications from the recommendation.

9.0 REASONS FOR RECOMMENDATIONS

9.1 The recommendations will allow a response to be submitted to the DfT to enable NYC to meet the requirements to submit a response by 31 October.

10.0 RECOMMENDATIONS

10.1 It is recommended that the Executive Member Highways & Transportation in consultation with the Corporate Director Environment and the Corporate Director Resources, approves the Incentive Element Response to DfT.

APPENDICES

Appendix A – Draft response

Appendix B – Equalities Impact Assessment Screening Form

Appendix C – Climate change impact assessment

BACKGROUND DOCUMENTS: N/A

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