1. Purpose

The Highways Maintenance Block Funding Review Group is responsible for reviewing the Highways Maintenance Block funding formula, considering all potential options.

2. Membership

- DfT (Chair)
- Nominees from:
  - Local Government Association (LGA)
  - Local Government Technical Advisory Group (TAG);
  - Highways Asset Management Financial Information Group (HAMFIG);
  - Association of Directors of the Environment, Planning and Transport (ADEPT);
  - UK Bridges, Lighting and Roads Boards;
  - Central and Local Information Partnership (CLIP); and
  - Chartered Institute of Public Finance and Accounting (CIPFA).
- Representatives from the DfT (including DfT Statistics) providing technical and project management support.

3. Terms of Reference

The Review Group will:

- Advise DfT about the appropriate structure of a formula, the variables to be used and their weightings, to distribute Highways Maintenance Block funding for the future;
- Ensure the formula is aligned with the key guiding principles;
- Advise DfT about any technical issues related to particular variables being considered for inclusion in the formula;
- Advise DfT about any other relevant considerations for the introduction of the formula; and
- Report the Review Group’s recommendations to Ministers, setting out any implications for how a subsequent formal consultation should be framed.

Although the Review Group will advise the Department and report its recommendations, the final decision on any changes to the formula will rest with Ministers.

4. Outputs

The Group is tasked with producing a report to be presented to Ministers with final recommendations in early December 2011.
5. Considerations

The following guiding principles are proposed as a basis for the review:

**Complete review** - The review group should undertake a complete review of the existing formula, considering all potential options.

**Reflect Government and local priorities** - The formula should reflect Coalition Government and local government priorities.

**Fairness and equity, based on local authority needs** - The formula should be based on variables applicable to all local authorities and which do not make special adjustments for individual councils, council types or regions. Variables should be used to reflect the relative needs of individual local authorities.

**Overall shape of the settlement** - The review group should consider the impact of current formulae and any proposed changes on the overall shape of the formula allocation, such as the conurbation - urban - rural dimension and the regional split.

**Robustness and proportionality** - The formula should have robust input data and logic, whilst guarding against excessive administrative burdens on central and local government.

**Appropriate flexibility** - Flexibility should be considered in order that future developments may be included in the formula at an appropriate future date.

6. Conduct of business

- Meetings will be held in July, September and November 2011.
- Relevant papers will be circulated at least one week prior to a meeting.
- Project management and secretariat will be provided by DfT.
- Meetings will be minuted.
- When absent, Review Group representatives may send a substitute and notify the Secretariat of the name of the substitute.