

# Councils face new rules for spending pothole funding, or risk losing their cash

14.4.2026 - Simon Lightwood | Her Majesty's Revenue and Customs

**We're making sure every pound goes straight into fixing roads and tackling potholes across England, not being spent elsewhere.**

- councils will now face tougher rules to prove they are fixing potholes or risk losing up to a third of next year's funding
- government is ensuring taxpayers' money is working harder to get smoother roads and not redirected elsewhere
- red-rated councils will receive funding to improve performance and deliver visibly smoother, safer roads

Councils will face new rules on how they spend funding to fix potholes and maintain local roads, as the government today (14 April 2026) sets out new requirements to ensure taxpayers see real improvements.

Under the new measures, local highway authorities that fail to demonstrate they are maintaining roads effectively could lose around a third of their £1.6 billion funding for the next year.

Pothole damage already costs the average driver around £500 in avoidable repairs at a time when every pound in people's pockets matters, and the government is determined to ease that financial burden by ensuring councils fix roads properly.

The changes will ensure that record investment in local roads is used as intended, with a total of £525 million held back from councils across England unless they are transparent and prove they are performing.

Councils must publish reports proving they are spending all of their highways cash purely on road maintenance, showing long-term plans for looking after roads and better training for their highways teams.

These new measures mean taxpayers know exactly where their money is going and will start to see smoother roads and an end to the pothole plague.

Roads and Buses Minister, Simon Lightwood, said:

Drivers deserve smooth, safe journeys and we're making sure every pound goes straight into fixing roads and tackling potholes, not being spent elsewhere.

Potholes aren't just an inconvenience — they cost drivers hundreds, if not more, every time they cause damage to a vehicle. Fixing our roads is one of the most impactful things we can do to reduce the cost of owning and driving a car and we're making sure every pound goes straight into doing exactly that.

We've made it crystal clear that councils that fail to maintain their roads will now risk losing up to a third of their funding.

And for the first time, we're giving councils multi-year funding so they can plan properly and reverse a decade of decline in our roads.

RAC head of policy, Simon Williams, said:

These measures should go a long way to addressing the poor condition of local roads, which we know from research for the RAC report on motoring is drivers' number-one concern.

Ensuring money that is given to councils to improve their roads is actually spent on roads is critical, so the government's focus on this will be welcomed by drivers. And, while fixing dangerous potholes is vital, it's also very positive to see councils being encouraged to carry out preventative maintenance work, which will stop potholes forming in the future.

Having the certainty of funding over the next 5 years for councils to plan proper maintenance programmes should result in better quality roads for all.

Edmund King, AA president, said:

Fixing potholes remains the number one motoring issue for drivers, so it is right that councils are being scrutinised over their repair plans.

We urge local authorities to use their funding to resurface roads rather than simply patch up their streets. Proper investment in the road network helps create safer, smoother journeys for everyone.

This follows the government's first-of-a-kind red, amber or green ratings to grade 154 local highway authorities (LHA) based on current road condition and how effectively they are spending the government's record £7.3 billion funding. This includes a map showing the public how well councils are doing in delivering the improvements they want to see in their local area. Councils now have record multi-year funding to get on with the job of delivering safer, smoother journeys.

The government is also commencing its new support for the 13 red-rated local highway authorities. Each will be supported with a total of £300,000 worth of expert planning for over 2 years, designed to help councils raise standards, fix more roads and deliver better results for road users.

We are also backing local highways authorities with a record multi-year investment to improve the condition of their roads, after years of them calling for long-term certainty.

<https://www.gov.uk/government/news/councils-face-new-rules-for-spending-pothole-funding-or-risk-losing-their-cash>