

## APPENDIX 1 – BUSINESS CASE DETAILED REPORT

### 1 Executive Summary

Cutting traffic disruption and reducing inconvenience and congestion to the public through coordinating road works is a major challenge to central and local government. One solution to the problem comes in the form of permit schemes, with the aim of helping with the coordination of works to reduce disruption to the travelling public.

Some local highway authorities have introduced permit schemes and evidence shows positive results such as improved coordination and less disruption. Appendix A – Lessons Learnt from other Permit Schemes provides an overview of 3 Permit Schemes in operation.

The impact of road works to the city's highway network can be very disruptive to the travelling public and the council's highways team recognised a more proactive response was required. Different methods of control and supervision of Utilities working in the city have already been instigated and these include an increased inspection regime and shortly a coring programme of completed trench repairs will begin to ascertain if the workmanship has been up to required standards.

This has helped to raise the profile of the city's road works monitoring team but continued assessment and striving for improvement is the ethos of the Highway Operations section.

Consideration of a permit scheme is one of the ways that all the road works in the city can be monitored and this business case endeavours to offer opinion and options for consideration.

Permit schemes have the potential to bring benefits to road users, local residents, businesses and customers through better control and planning of potentially disruptive activities in the street. They also offer the possibility of a less fragmented way of administering and managing such activities than at present. This positive management must be focussed on minimising delays or congestion and inconvenience to all highway users. This includes those who have had that network provided for travel purposes and also utilities that have been granted the right to use the network for the distribution of their services. Thus the main beneficiary is society as a whole (i.e. road users, local residents, businesses and customers)

A Brighton & Hove Permit Scheme will deliver significant benefits through reduced congestion and disruption, better value for money for road maintenance expenditure and reduced negative environmental effects. Although not directly producing cashable savings, these benefits far outweigh the additional costs which the scheme will impose on utilities and our own highway works teams when carrying out their activities.

As with most new initiatives, introducing a new way of working will incur set up costs. The implementation of a Brighton & Hove Permit Scheme is no different. It is

estimated there will be an expenditure of £225k in developing and implementing a Permit Scheme. However implementation costs associated with an approved scheme are recoverable during the first or second year of operating the Permit Scheme.

This document does not explain the regulations associated with the current working practices of the New Roads and Street Works Act 1991 (NRSWA), nor does it detail the intricacies of the Mayrise system used within the Council to control the Notices as prescribed by NRSWA. The term 'undertakers' refers to all organisations licensed by the government to dig holes in the roads, verges and footways (pavements) as defined in NRSWA. They include all utilities such as electricity, gas, water, media and telecommunication companies as well as those granted licences under section 50 of the Act.

It can not be stressed enough that the figures contained within this Business Case are indicative and have been neither validated nor scrutinised. In some instances, due to the way Brighton & Hove City Council record its own works, then best guess estimates have been used based on the information that has been extracted from the Mayrise system. A full cost benefit analysis for any permit scheme application will identify any anomalies within this Business Case.

## **2 Introduction and Background**

The Traffic Management Act 2004 (TMA) seeks, among other things, to tighten the existing regulatory framework within which statutory undertakers are permitted to dig up roads, giving highway authorities more powers to coordinate works effectively with the aim of minimising disruption. It also provides for additional duties on the highway authorities so that all works on the road (including road works carried out by authorities themselves) are better managed and coordinated.

Part 3 of the TMA provides for regulations to allow the operation of permit schemes by local highway authorities and enable fees to be charged by the local highway authorities for issuing permits, and for variations to permits. These fees only apply to statutory undertakers<sup>1</sup>; however an authority must treat its own works with equal consideration and apply the permit process but does not have to pay the fees. A highway authority may chose to implement a permit scheme on all or some of the roads under its control.

Permit schemes provide an alternative to the notification system of NRSWA, whereby as an alternative to informing a street authority that it intends to carry out works in its area, a statutory undertaker has to book time on the highway by obtaining a permit from the permit authority. This differs from the current system where notices are received from statutory undertakers to inform highway authorities that they propose to carry out work on a network. Whilst we can issue some direction and impose conditions undertakers do not require permission for works to take place.

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<sup>1</sup> the term 'statutory undertakers' (i.e. utilities) is used here as section 50 licence holders (i.e. other companies or individuals working on the road) are excluded from the requirements of a permit scheme.

The fundamental objective of permit schemes is to create a common procedure to positively control all activities in the street that may cause disruption. The intention is that the Council will be proactive in coordinating both its own and other promoters' works. Under a permit scheme, an authority's own activities will be treated in exactly the same way as other promoters' activities with regard to coordinating and setting the conditions, but will not attract a fee.

Permit schemes are now operational in London, Northamptonshire and Kent. Each permit scheme is tailored to that particular street authority to help them meet their duties. To date each permit scheme has required the approval of the Secretary of State (SoS) prior to commencement along with the creation of a Permit Scheme Legal Order. However, earlier this year, the DfT carried out a consultation exercise to consider amending Part 3 of the TMA with a view to remove the current need for the SoS to approve local authority applications. This would mean that a local highway authority could give effect to permit schemes and vary or revoke their own orders without the need for prior approval by the SoS. There is no outcome yet from this consultation.

Discussions have taken place with neighbouring authorities to determine if they wish to consider the development of a joint or a common permit scheme to be implemented across the South East Regional areas. Discussions are ongoing and will explore opportunities of shared services and common working practices. There may be scope for sharing of 'back office' systems and administration, although Brighton uses a different suite of street works software to some of the other authorities in the region. Additionally there may be an opportunity for joint procurement that would bring down the set up costs for a permit scheme in each local authority area through the use of a single Project Team and pooling of training and operational support. However it must be noted that Brighton & Hove does have significantly different network management issues to its immediate neighbours and therefore a joint or common scheme may not prove best value for the Authority.

### **3 Purpose and Objective**

The Permit Scheme business case has been prepared to take into consideration the fundamentals of street and road works while delivering the statutory duties. The key strategic objective of a Brighton & Hove Permit Scheme is to assist in achieving the goals set out in the Transport Vision detailed within the Local Transport Plan 3 (LTP3):

*“To deliver an integrated, accessible and balanced transport system that supports economic growth and enables people to travel around and access services as safely and freely as possible, while minimising damage to the environment and contributing to a safer, cleaner, quieter and healthier city.*

Brighton & Hove's LTP3 sets out a long term strategy for the next 15 years and incorporates a delivery plan covering the next three years. The plan details actions and measures that will contribute significantly towards achieving the objective and include:

- The continued maintenance of the transport network to ensure that it is safe and in good condition;
- Better road and pavement services
- Better highway drainage
- The better management or use of the transport network and the demands for movement that are placed upon it;
- Coordination of road works

The principles of a permit scheme should go some way to address these objectives purely through improved coordination and better planning of works.

Given that providing additional capacity (building more roads) is no longer considered to be the best solution except in certain locations and for particular circumstances, a mix of solutions is required involving a wide range of tools. This mix of solutions includes demand management, integrated land use & transport planning, network management, traffic management, freight & goods management and behavioural change.

The main benefits to the highway network of a Permit Scheme are a reduction in the duration, number and size of road works undertaken. This is achieved through:

- improving the day-to-day proactive management of the network, crucially working in partnership with other organisations, such as the Highways Agency, on both day-to-day operations as well as incident management and winter maintenance;
- improving the way road maintenance and other road works are integrated and managed;
- improving the enforcement of regulations to keep the network efficient and enabling resulting revenues to be re-invested into the network;

Other objectives of a Brighton & Hove Permit Scheme include:

- reduction in safety hazards and incidents in and around works sites and the costs of those to the greater economy;
- reduction in the adverse impact of works on local residents, local businesses, on disabled people, and on bus passengers;
- greater compliance with highways legislation by works promoters;
- greater cooperation between different works promoters;
- greater adoption of minimally invasive works methods, and measures to mitigate the impact of excavations (e.g. plating);
- reduction in the environmental impact of works (less noise, greater cleanliness, recycling of materials etc);
- productivity of all works promoters (utility and Brighton & Hove City Council Highways) by improved planning and cooperation;

- reduction in avoidable streetworks charges to Utility companies from improved planning and programming;
- greater road user customer satisfaction with the management of works;
- ensuring greater adherence to health, safety and environmental legislation;
- demonstrating parity for all works promoters (utility and Brighton & Hove City Council highway works);
- ensuring that duration of works is minimised;
- ensuring Value for Money for Council Tax Payers (i.e. customers).

The above list is not intended to be exhaustive.

In addition, a further advantage of a permit scheme would be the requirement for Brighton & Hove to record its own entire works within the Mayrise System, which is an area of current weakness. Whilst there will be a need to change working practices, advantages will be gained through a full and complete register of all works.

Any of these objectives could be specifically targeted by providing specific financial incentives (the application or misapplication of permit fees and fee discounts) or in some cases by the use of certain types of permit conditions.

The main disadvantages or additional requirements for the authority is that we must also permit our own works and this will have a cost implication, either directly in-house or via maintenance contracts, as well as necessitating a change in working practices with increased administration for permitting any in-house works.

## **4 Viable Options**

Local highway authorities do not have to introduce Permit Schemes, but where they choose to do so they design and develop their own scheme (and ultimately administer it). Decisions need to be made as to whether to introduce a permit scheme, the type of permit scheme and the network coverage of such a scheme.

In evaluating the type of permit scheme that would most benefit Brighton & Hove City Council, the options available have been detailed in the following sections:

### **5.1 Permit Scheme Options**

#### **5.1.1 Option 1: Do Nothing**

NRSWA provides a legislative framework for street works activities by statutory undertakers. The regulations aim to improve traffic flow through better planning, coordination and effective noticing arrangements for utility works, which should reduce the disruption and inconvenience that street works subsequently cause. The legislation also aims to reduce the impact that street works can have on the

surface of the roads themselves and also set the framework from which assurance on quality and safety of street works flows.

To effectively coordinate all activities carried out in their roads, highway authorities need information on the activities to be carried out such as where they will take place, how long they will last, how extensive they will be, and how traffic in the vicinity will be controlled.

Under NRSWA, promoters have a statutory duty to notify highway authorities of activities that they carry out. The information should be accurate and provided to authorities within defined timescales determined by the legislation. This is to allow a highway authority to consider how disruptive activities are likely to be and if and how that disruption could be reduced. However Brighton & Hove City Council considers that there are limitations in the approach, both in terms of the information which is provided, and what we can realistically do with regards to the information.

Highway authorities are restricted in what they can do with the information provided as, in most cases, it is only where serious disruption is likely to occur that they can direct undertakers as to when the works can be carried out. In most instances, the activities will proceed as statutory undertakers have a right to access their apparatus for maintenance purposes.

Whilst Information is provided by statutory undertakers, it can be inaccurate; locations for example, may be inexact or missing. It is not unusual for promoters to fail to inform highway authorities of changes to their original proposals which can cause problems with effective planning and coordination. This makes it more difficult for authorities to know whether other activities should be allowed to proceed. Also the start dates provided may be indicative rather than actual dates due to some notices having an active window for the start of works.

There is no comparable obligation on highway authorities to issue notices in respect of their own works on the highway but the Council must show transparency in its services and approach to noticing. Utilities will seek parity with how Brighton & Hove Council works so we will still have a duty to coordinate works. While this may involve the highway authority “notifying itself”, in practice there may be different parts of the authority responsible for undertaking activities on the highway and for discharging network management duties thereby causing a gap in the information flow.

By adopting the 'do nothing' option, the disruption and inconvenience caused by activities in the street will continue as at present and, with increasing traffic, may get worse. The additional powers and tools to assist Brighton & Hove City Council to carry out its network management duties and better coordinate its roads will not be available.

#### 5.1.2 Option 2: Introduce Permit Scheme and Fees

Establishing permit schemes would involve utilising the powers in Part 3 of the TMA to set up a system of permits in place of the NRSWA notice system. Under a permit system, works cannot be carried out on the highway without a permit, and

conditions may be imposed by the Permit Authority in relation to works that are undertaken. The benefits of this option in comparison with the “do nothing” option are:

- Brighton & Hove City Council will have power to attach conditions to all types of activities, which should assist in the management and coordination of activities on the highway
- the quality of the information provided by undertakers will improve. An application may be declined if the information is insufficient to determine exact locations and timings etc. There is also a requirement to provide additional paperwork for certain types of works.
- The network management duty function will benefit from improved information as a result of the obligation on Brighton & Hove City Council to obtain permits in respect of their own works.

Whilst a permit scheme gives additional focus to better management of the road network the increased workload of generating permits will take additional resources. However, Brighton & Hove City Council can charge fees in respect of operating a permit scheme; these fees are payable by statutory undertakers but the Council does not charge for permits for its own works nor use the fees Utilities pay to generate its own permits.

## **5.2 Permit Scheme Type Options**

Permit Scheme regulations allow for different type of scheme to be adopted by a highway authority. Currently there are three different types of permit scheme available;

- a single scheme;
- a joint scheme; or;
- a common scheme.

Equally, highway authorities may choose not to operate a permit scheme but to continue to operate under the existing NRSWA notification system.

Each of the three options is detailed below:

### **5.2.1 Scheme Type Option 1: Single Permit Scheme**

A single scheme is where a highway authority operates a permit scheme solely on roads for which it is responsible as Highway Authority. Under this option the authority would be expected to produce a business case and undertake stakeholder consultation entirely within its own boundaries and to manage a scheme in isolation from its neighbouring Councils. This may prove to be the option for Brighton & Hove due to the unique nature of the city and that neighbouring Authorities are further advanced in their application status or wish to use the permit scheme in ways that will not work for Brighton & Hove.

### **5.2.2 Scheme Type Option 2: Joint Permit Scheme**

A joint scheme is where a single authority administers a permit scheme on behalf of a number of local highway authorities. Applicants would have to show that they have fully discussed and come to an agreement on the way the scheme will be controlled and how fees will be apportioned. The relevant highway authority would need to co-operate on presenting a business case and stakeholder consultation. The development of a joint scheme would need to take into account the impact (and cost) of changes to IT systems and business processes. It would mean all the authorities in the scheme have to run this in exactly the same way. This is not currently a preferred option as what works for a mostly rural county may not be so effective for an urban city. For example, some counties may prefer to have roadworks at the weekend whereas Brighton & Hove may find this more disruptive.

### 5.2.3 Scheme Type Option 3: Common Permit Scheme

A Common Permit Scheme is where a number of authorities in an area or region develop a common permit scheme with a single set of rules. Each participating authority would act independently in operating the common permit scheme on roads for which it is responsible as highway authority. Individual authorities would need to co-operate on presenting a business case and stakeholder consultation. Each authority would remain financially independent in terms of fee structure. Unlike a joint scheme, authorities would have the same basic scheme but this would allow variations for each council that could best reflect the authority's individual needs.

## 5.3 Permit Scheme Coverage Options

The DfT have provided guidance to Local Highway Authorities (LHAs) in deciding upon their chosen permit scheme and in particular how that authority can decide the coverage of such a scheme. Therefore a LHA may operate a permit scheme by:

- requiring permits for all roads, including minor roads, with each application being scrutinised individually; or
- requiring permits for all roads but with the permit applications on minor roads dealt with on an exception basis;
- requiring permits on main (e.g. traffic sensitive) roads, but using the NRSWA noticing regime on the minor roads.

Individual permit authorities have the discretion to decide what, if any, conditions are to be attached to each permit they issue (such as the dates on which the activity may not take place, or the way in which it is carried out). The types of conditions that authorities can include in their schemes are set out in the Regulations. Subject to any conditions that may be attached, the permit will allow the promoter:

- to carry out the specified activity;
- at the specified location;
- between the dates and/or within the duration shown.



All the information related to a permit will be held on the authority's permit register. The purpose of a permit scheme system is not to prevent the legitimate right of activity promoters and others to access their equipment, nor to prevent necessary maintenance to the highway itself by LHAs but to better control such activities to minimise disruption and inconvenience. Statutory Guidance for LHAs preparing permit schemes has been developed, as has a Code of Practice which is intended to provide an overall view of how it is envisaged that permit schemes should work.

Brighton & Hove will commission further research to help identify an appropriate permit scheme that could be adopted singularly or, if approved, commonly by other authorities across the South East of England.

The following 3 options will be fully evaluated to ascertain the most appropriate and effective scheme for the city:

#### 5.3.1 Coverage Option 1 - 100% Scheme.

Permits would be required for all streets within Brighton & Hove and a permit charge applied to all statutory undertakers' permits submitted. In this option the Council would seek to directly manage all work undertaken on Brighton & Hove's road network.

#### 5.3.2 Coverage Option 2 – Major Roads and Traffic Sensitive Network

Permits would be required for all streets within Brighton & Hove. However the Council would only seek detailed information and apply charges on those streets designated as Major Roads and 'Traffic Sensitive' (as defined under NRSWA). In this option the Council would seek to directly manage work undertaken on our most important road network and the urban road network within our communities. This would cover approximately 40% of Brighton & Hove's road network..

#### 5.3.3 Coverage Option 3 – Major Roads and Traffic Sensitive Network plus Major Activities on Minor Roads

Permits would be required for all streets within Brighton & Hove. However the Council would only seek detailed information and apply charges on those streets designated as Major Roads and 'Traffic Sensitive' plus Major Activities on Minor Roads but with the permit applications for minor, standard or immediate activities on minor roads dealt with on an exception basis. In this option the Council would seek to directly manage work undertaken on our most important road network and the urban road network within our communities plus those major activities on all streets within Brighton & Hove. This would cover 100% of Brighton & Hove's road network but focusing on all types of activities on our most important road network and those major activities that cause the most disruption on the low category minor roads.

## **6 Costs, Benefits and funding of Viable Options**

### **6.1 Balance of costs and benefits**

The TMA imposes a number of duties and provides a number of powers for local authorities, all linked to the better management of their road networks with the aim of reducing congestion and disruption. Some of those duties and powers will involve authorities in costs. But within the TMA there are also potential revenues that can offset authorities' costs, although the TMA is not in itself a finance scheme.

It is recognised that individual elements of the TMA, such as permit schemes, will involve net costs for undertakers. In this case it is important to look at the overall costs against the benefits. The benefits of permit schemes are essentially economic, environmental and social rather than financial. These benefits result in better network management and reduced disruption and are provided to the whole community and country, rather than solely to the narrow interests of the industry.

Permit schemes have the potential to bring benefits to road users, local residents and businesses through better control and planning of potentially disruptive activities in the street. They also offer the possibility of a less fragmented way of administering such activities than at present. Set against that, if permit schemes are not efficiently operated there is a risk that they could increase costs for those operating them and those obliged to apply for permits and their customers, without realising corresponding benefits.

There is a cost involved in introducing and operating a permit scheme. Fees will be set at a level intended to cover the costs of setting up a permit scheme (but not for undertaking the analysis and consultation prior to the introduction of a scheme) and the additional cost of running the proportion of the scheme attributable to undertakers, beyond the costs of running the parallel coordination regime based on notices under the NRSWA. It is not intended nor allowed that they should produce surplus revenue for the highway authority.

Undertakers will need to pay for permits for those of their activities that are subject to permit schemes. The additional costs to them will fall into two categories:

- the permit fees themselves; and
- any changes required to their operating systems and processes to allow them to apply for and handle permits.

It is estimated that if adopting a permit scheme in Brighton & Hove, the combined annual cost to Utilities and Brighton & Hove City Council could range from £553k to £1.75m. If compared to the benefits from reduced congestion, a 3% decrease is estimated to deliver a £1.13m benefit. However if we use the reduced level of congestion of 4.46% already achieved in the first year of operations through the Kent Permit Scheme it is estimated that an Brighton & Hove Permit Scheme could deliver a £1.74m benefit to the city as a whole. However it must be noted that these are not direct cashable savings to the authority; rather the costs quoted are as the estimated benefit to the city's overall economy.

The TMA has put a requirement on LHAs to positively manage their networks and also to take note of neighbouring networks. This positive management must be focussed on minimising delays and inconvenience to all highway users who have had that network provided for their own travel purposes and for which utilities have been granted the right to use the network for the distribution of their services. Thus the main beneficiary is society as a whole (i.e. customers) and will be seen by:

- an improvement in information as a result from taking a positive approach to issuing permits. Refusal to issue permits where information is incorrect or incomplete is thought to be more effective than giving fixed penalty notices;
- the improvement in information will, over time, help to reduce costs borne by Brighton & Hove City Council as the checking of permit applications can be reduced to those checks required to concentrate on coordination, minimising of disruption etc;
- permit applications more accurately reflecting the works being carried out, again, enable Brighton & Hove City Council to concentrate their resources on actual activity requirements not possible requirements (i.e. notices for works that are eventually cancelled or abandoned);
- the general change in culture within the industry that will be necessary to meet permit requirements provides an opportunity to improve overall the whole approach to working on the highway. This, in turn, gives the opportunity to move forward in providing accurate and positive information to all users of the public highway (i.e. customers), thus reducing the negative reputational views currently expressed.

On balance, the benefits that a Brighton & Hove Permit Schemes could deliver through reduced disruption for all road users, better value for money for road maintenance expenditure and reduced negative environmental effects outweigh the additional costs which the scheme will impose on utilities and Brighton & Hove's own highway works carrying out activities.

If approved and introduced, Brighton & Hove City Council will evaluate the operation and details of its permit scheme after the first year of operations, to ensure that the right balance has been struck between costs and benefits, and to see whether any changes to the scheme may be needed.

The research work undertaken to date has used an outline appraisal method that considers only the benefits arising from reducing congestion and setting those benefits against the cost to implement and operate a scheme. There is a requirement to use a specific methodology to calculate the costs and benefits of permit schemes the detailed assessment work needed is likely to use the following indicators or outputs in any financial evaluation for Brighton & Hove:-

- Reductions in delays and congestion (including impact on bus operators' revenue)
- Changes in carbon (Greenhouse Gases) emissions (including impact on local air quality)
- Accident reduction
- Journey time reliability improvement

- Costs of implementation and operation (including all of the stand-alone operating costs and incremental operating costs)
- Reductions in number and duration of Street Works
- Reduction in waste materials
- Improved customer satisfaction and positive perception

Any activity carried out in the street has the potential to cause disruption depending upon how long it lasts, its location, its scale and how it is carried out. The benefits of being able to better control these activities through a permit scheme are;

- reduced occupation of the road by activities helps reduce congestion and maximises the use of the existing network, improving reliability and making journeys more predictable as well as making them faster. This makes journeys easier to plan and reduces the amount of wasted or unproductive time;
- as congestion is reduced, pollution is also reduced, with benefits for air quality and other aspects of the environment;
- business can operate more efficiently through the quicker and more reliable delivery of goods, service of and access to customers etc;
- people are able to access their destinations more easily, saving time and effort;
- public transport can operate more reliably and provide a better service, potentially further relieving congestion on the road by attracting motorists onto public transport;
- customers become satisfied with the Council's management of the road network.

The fundamental difference between a permit scheme and the noticing system is that a permit scheme enables the LHA to be proactive, to take charge and effectively manage and coordinate all activities (both those of utilities and its own) on its roads. This will enable better planning and coordination of activities and build good working relationships between authorities and utilities. It is this shift in responsibility, along with the new powers, that will enable all of the stated benefits to occur.

The sectors and groups who will be affected or beneficiaries by a Brighton & Hove Permit Scheme are:

- Brighton & Hove City Council
- Utility Companies (gas, electric, telecommunications, water)
- Public (road users, pedestrians, householders)
- Businesses, as road users and as frontagers
- Emergency Services; less disruption and more involvement in decision making

## 6.2 Finance and Resources

### 6.2.1 Setting-up Costs

As with any change programme or project there is likely to be costs incurred for setting up the new way of working. The proposed Brighton & Hove City Council Permit Scheme is no different as there will be setting up costs involved with the introduction of a permit scheme. However what is different with this type of change is that the implementation costs are all recoverable from the permit fees once established. A permit scheme allows the LHA to recoup the proportion of its costs attributable to utility company works. There will need to be a transparent system for attributing costs and an annual review of charges, but the LHAs costs in so far as they relate to operating a permit scheme for public utility works would be self financing as costs are recovered through the scale of permit charges set.

Through the research for this business case it has become apparent that Brighton & Hove City Council already has a suite of software capable of supporting a permit scheme in Brighton & Hove. There would be some further development required to make use of all of its functionality and to ensure the needs of both the Street Authority and the Council as its own promoter of highway works are catered for.

In addition an amount of work would be required to bring the gazetteer up to the national standard; this will require financial investment as the Highways works ordering system currently has its own version separate from the existing street works system. Development of the gazetteer is essential and work will need to be undertaken before any permit scheme can be full implemented. Even without the progression to a permit scheme this work will need to be carried out to allow the system to support the National Street Gazetteer.

Table 1 below provides an indication of the type of changes or items needed for setting up a permit scheme in Brighton & Hove along with the predicted estimated costs. The list is not meant to be exhaustive and therefore an allowance should be made for any fluctuations in these estimated either upwards or downwards.

	£
Project Management Consultancy Staff	£70,000
Cost Benefit Analysis development	£70,000
NRSWA System upgrades and licences	£25,000
ICT support with system upgrades	£10,000
Additional BHCC permanent staff (equiv to 1 month prior to commencement date to allow for induction training etc).	£20,000
Equipment (e.g. Office desks, computers, handheld devices)	£10,000
Permit Scheme training & development	£20,000
<b>TOTAL</b>	<b>£225,000</b>

**Table 1: Permit Scheme – Estimated set up costs**

Note: These are indicative costs only and subject to change when a full cost benefit analysis is carried.

### 6.2.2 Predicted Income

Through interrogation of the Mayrise system over a 3 year period an average number of Utility Notices has been established. It is by using this data that the cost benefit work has been derived.

Brighton & Hove currently receives 10,539 notices of intention to work on the Public Highways in the city.

It must be noted that that these Utility Works notices relate to data extracted from the Mayrise system that utilises the current Traffic Sensitive road network and as previously discussed in this report that network is due to enlarge considerably. Therefore the type and numbers of possible permits will alter and also the fees charged will not be fully reflected by comparison with current system data.

Therefore the figures discussed in this report are indicative but not explicit. The effect of increasing the Traffic Sensitive road network will increase the numbers of permits necessary and therefore the possible fees derived from this. Brighton & Hove Network Coordination Team will have to evaluate this effect and ensure that any permit fees levied are appropriate and not exploitative.

In developing the predicted income from permit fees, the DfT Permit Fees Matrix has been used to calculate the potential fees for each permit category. Information such as notice volumes, staff costs, predicted task durations, and estimated operational factors have all been used as input data to establish the output fees.

This work has led to a predicted yearly income for the city of up to £563,628 dependant on the option chosen.

### 6.2.3 Predicted Operating Costs

As mentioned previously a permit scheme allows the authority to recoup a proportion of the costs attributable to utility company works, i.e. any additional costs for staff, software, offices, equipment, etc. However the additional costs in operating a permit scheme associated to the City's highway works cannot be recovered.

At the time of writing this report there was no information available from Brighton & Hove Highways as to their predicted annual permit scheme operating costs associated to the City's highway works. Therefore certain assumptions have to be made to predict the annual operating costs that Brighton & Hove City Council cannot recover. One assumption is to use the same cost of £20 per permit for the submission and processing of permit applications as published by the National Joint Utility Group (NJUG). In addition to this there will be additional staff required to produce the Brighton & Hove City Council Highway permits applications.

In additional the Network Co-ordination team will require a resource to accept and process permit application from Brighton & Hove City Council highway works once received through the Mayrise system.

It is estimated that, if adopting the £20 handling cost for each permit, the annual cost to Brighton & Hove City Council Highways works promoters could be up to £146,820 per year dependant upon the option chosen.

A robust evaluation of the service will have to be made before an accurate figure can be placed on the likely handling cost of a permit scheme to Brighton & Hove City Council and NJUG's figures may well be a high estimation.

#### 6.2.4 Staff Resources

At present Brighton & Hove City Council Network Co-ordination team manages on average 17,880 works each year (10,539 Utility works and 7,341 Brighton & Hove City Council Highway works). The payroll cost to Brighton & Hove City Council of administering these works is approximately £265k per year, which is made up with employee costs and support services. In return Brighton & Hove City Council Network Co-ordination Team can receive approximately £177K per year income from licenses, s74 overruns, Fixed Penalty Notices, inspections, road closure applications, defect charges, etc.

In developing the predicted additional staff resources required to manage a Brighton & Hove City Council Permit Scheme, the DfT Permit Fees Matrix has been used to calculate the potential staff levels. Information such as notice volumes and predicted task durations has all been used as input data to establish the output staffing levels. Therefore the additional staff required to operate a permit scheme is estimated to be between 2 FTEs and 7 FTEs depending on the Permit Scheme Coverage Option to be adopted.

The DfT Permit Fee Matrix identifies a Streetworks Officer, Streetworks Coordinator and Traffic Manager as the three key roles in managing and operating permits schemes. Further detailed analysis of permit numbers and work load assessments will be required to ascertain actual staffing levels required for the permit scheme option chosen.

### 6.3 Economic benefits

The key benefit to be derived from a permit scheme will be from reduced disruption on the road network. It is not possible to quantify the exact economic benefits at this stage, as this will depend upon how effective the Brighton & Hove Permit Scheme proves to be in reducing disruption levels. However, this is not a direct cashable benefit to BHCC Highways or even directly to the local authority.

Studies have been carried out in recent years to try to assess the level of disruption caused by works in the street. Halcrow, an engineering consultancy, produced a Regulatory Impact Assessment (RIA) report in July 2004 for the DfT which estimated the annual costs of disruption caused by utility works in England in the year 2002/03 at some £4.3 billion. Therefore, on a pro rata basis, the cost of disruption would equate to £37m in Brighton & Hove (based upon 10,539 utility works per year).

This RIA bases its assessment of benefits on this work. In response to the 2004 report, NJUG commissioned Professor Phil Goodwin to review Halcrow's findings. Although there is a variation in the two studies, it does confirm that the economic cost of congestion has a significant impact on the operation of the road network.

DfT consider that the Halcrow calculation is the more robust because it draws on a larger disaggregated database. It is based upon the estimated annual number of street works of 1.1 million. This figure was extrapolated from a sample of LHAs notices and validated by the utility companies. Halcrow have recently revalidated the number of works, and the estimate is now some 1.2 million works a year. There is no similar research for Brighton & Hove, but with 10,539 utility works per year (based on a 3 year average between 2009 and 2012). The results of the research can be mapped in proportion to the works carried out by Utilities.

#### 6.4 Benefits Comparison

The implementation of a permit scheme requires all works to be treated equally, in that the Council's own works would be dealt with in exactly that same way as works carried out by an undertaker.

The Table 2 below indicates the benefits available under a permit scheme and shows, where appropriate, if those benefits are provided under the existing noticing arrangements.

<b>Permit Facility</b>	<b>Provided under Notices?</b>
Works promoters ask permission to work on the network	No. Works promoters say they will be working on the network.
It is an offence to work without a permit.	While it is an offence to work without a notice this can, at times, be difficult to prove.
A permit variation is required if works activities subsequently change.	No. When a notice has been served works can continue irrespective of any changes e.g. increased footprint of the works, on site.
Provides for major/standard works to be carried out within specified dates on main roads.	No. There is a window for all works on all roads.
Provides for works to be carried out within specified times.	No. There is no requirement to provide times.
Better Coordination and information for other road users. Requires more detailed and accurate information. e.g. grid references for works, copies of plans showing works activity footprints.	No. It is voluntary for the works promoters to provide such details.
Ensures that all works promoters are treated equally and that all are operating to exactly the same requirements.	No. There are different legal requirements on highway authorities regarding the registering of works.
Requires a positive approach by the Highway Authority	No. Highway Authority's actions are reactive.
Works promoters provide some funding to Highway Authorities.	No.
Requires all permit applications to be scrutinised (or a permit fee cannot be	No. Notices can be received with no further action taken.



<b>Permit Facility</b>	<b>Provided under Notices?</b>
charged).	
Facilitates workathons. i.e. requiring works to be carried out concurrently as appropriate. This proved to be extremely useful in London where “workathons” were arranged for specific road closures and encompassed utility and highway works, office window cleaning, scaffolding removal, etc. At one site, during a weekend road closure, over one hundred different “works” were carried out.	Not really. This approach requires the highway authority to be able to direct works, i.e. ability to issue conditions, to be undertaken together.
Reduces the volume of work carried out by the authority in respect of abandoned or cancelled notices as permits will not be requested for “possible” works due to cost.	No. There is no discouragement on a utility to only notice works that are certain to take place.
Reduces the volume of work carried out by the authority in respect of incorrect information received in S54, S55 and S57 notices as a permit application will be queried and the FPN procedure is not required for obviously incorrect permit applications as these would be rejected.	While FPN’s encourage correct information to be provided it is simpler and more cost effective to reject a permit application.
Provides for a positive approach to reducing disruption.	Notices do not provide such positive information in respect of the highway authority fulfilling its network management duty.
Allows more accurate prediction of journey times which is beneficial to long and short distance travel, especially, goods transport	
Reputational improvement due to works being properly planned and organised.	
More controlled approach providing a better awareness for protection of highway assets	
Higher fine levels for non compliance.	

**Table 2: Benefits comparisons between Permits and Notices**

## **7 Consultancy Requirements**

To fully and accurately consider all factors associated with a permit scheme for Brighton & Hove specialist consultancy support will be sort and engaged as an integral part of the process.

In house staff do not have the specialised and particular knowledge required to fully create and present to SoS for approval a permit scheme for Brighton & Hove. Wherever possible and practicable in house staff will carry out development works but these will need to be over seen by the consultants to ensure accuracy and compliance with national legal frameworks in place.

It is proposed that competitive quotes are sort from Consultants with the current knowledge and sufficient experience in the field of permit scheme creation to ensure Brighton & Hove engage appropriate support.

Council officers will contact Consultants who have created permit schemes for other Authorities to ensure that any organisation working with the Brighton & Hove has appropriate skills required.

The Consultants will guide Council officers in the processes and will lead in the consultation necessary with interested parties. They will also ensure the cost benefits analysis/fees matrix created meets national regulations and will use bespoke computer software in the creation of this.

Any additional traffic surveys or collection of data that the Council does not readily hold will be carried out by the external Consultants, to specific criteria ensuring that the final permit scheme document meets DfT requirements.

## **8 RISK**

In considering the need for the introduction of a permit scheme within Brighton & Hove all associated risks (uncertain outcomes) that may affect either the implementation of the Brighton & Hove Permit Scheme or the successful operating of such a scheme have been considered. The high level risks are detailed below, although consideration should be given to carrying out a full risk assessment.

### **8.1 Brighton & Hove City Council Reputation**

There still remains a national interest and focus on the introduction and operation of a permit scheme from all works promoters (especially Utilities) and central government. There is an expectation for works promoters and LTA's to closely monitor the processing of any newly implemented permit scheme and review the way in which the business change was introduced.

### **8.2 LTA Capability to Implement and Manage**

The DfT have indicated that the Secretary of State (SoS) will need to take into consideration Public Interest when making a decision on the introduction of a permit scheme. This will include the LHAs capability to implement and operate a successful scheme. Brighton & Hove City Council may be required to demonstrate its capability or readiness to operate the Scheme.

### **8.3 Operational Disruption**

Implementing any business change into day-to-day operation can cause disruption and if not managed effectively can significantly impact both the success of the change and the operational performance of the business during this time.

### **8.4 Permit Scheme Measurement (Baseline Data)**

A cost-benefit analysis and suggested method to measure the success of a Brighton & Hove Permit Scheme must be included in the development of a scheme. Therefore Brighton & Hove City Council must commit resources to introduce a method to collect the baseline data and ongoing measurement of the scheme. There is a risk that this data is not available or not in the format required to effectively measure the success of the scheme in meeting its outlined objectives. The requirement to collect specific data to support analysis of a permit scheme would need to be collected prior to the scheme introduction.

### **8.5 Scheme Objection or Alteration**

The current situation states that Brighton & Hove City Council will not be able to operate a permit scheme until it has submitted a formal application to the SoS who has a choice of approving, rejecting or altering the scheme. As part of the application, Brighton & Hove City Council must provide evidence to justify the permit scheme (including the fee level). The SoS will seek to ensure that only authorities which demonstrate the ability to operate an effective permit scheme will be granted approval. However, the finding of the consultation in early 2012, carried out by the DfT, with a view to amending the TMA to allow LHAs to give effect to permit schemes and vary or revoke their own orders have not yet been announced.

### **8.6 Network Management Duty**

The risks of not fulfilling the Network Management Duty are the imposition of a Traffic Manager and or potentially an adverse effect on the City Councils Comprehensive Performance Assessment rating.

## **9 Conclusion and Considerations**

Brighton & Hove City Council is committed to reducing congestion across the road network, and to realise the economic, social and environmental benefits that a permit scheme brings.

Brighton & Hove City Council has considered the social, economic and environment benefits that permit schemes will bring to the City and it has shown that they outweigh the potential costs. It is recommended that backing be given to the operation of a permit scheme.

A proposed activity line is shown in Appendix 3 which outlines the steps that Brighton & Hove City Council would need to undertake to enable a permit scheme in Brighton & Hove.

## **APPENDIX 2 – LESSONS LEARNT FROM OTHER PERMIT SCHEMES**

### **London Permit Scheme**

The London Permit Scheme (LoPS) was the first permit scheme to be introduced nationally and has had a very successful first year. On 11 January 2010 LoPS was introduced in 15 boroughs, the City of London and TfL with a further two boroughs joining the scheme on 1 April 2010.

The increased discipline required under the permitting rules has improved existing improved coordination, reduced disruption and improved processes within works promoter organisations, which has enhanced the quality of information relating to proposed works received by permit authorities. The permitting rules have also served to further highlight the importance of providing early and detailed information in regard to proposed works to assist in the coordination process.

The successes of the first year of operation include;

- An increase of 147% in the number of recorded days of disruption saved through joint working and collaboration from 726 in 2009 to 1793 in 2010, corresponding to a benefit of approx £2.7 million in congestion saved in 2010.
- An increased discipline amongst highway authorities in recording their own works. This has led to a 237% increase in the proportion of works that are formally recorded by highway authorities, providing more opportunity for collaborative working and enhanced public information on road works via the London Works Public Register.
- A reduction in the total number of works undertaken by utilities of 17% within permitting authorities as compared to only 7% in non-permitting authorities, saving approximately 149,136 days of streetworks within those authorities.
- Better quality of information available to make considered coordination decisions.
- LoPS has delivered a large portion of the expected levels of benefits for average journey time and journey time reliability.

One of the significant successes has been around the increase in the number of collaborative works and resulting days of disruption saved. The achievements of the first year have been as a result of the real commitment of all parties involved; permit authorities, utility and highway authority promoters.

### **Kent Permit Scheme**

The Kent Permit Scheme was launched on 25<sup>th</sup> January 2010, becoming the first local authority outside of London to introduce a roadworks permit scheme. Similarly to the London Permit Scheme, the Kent Permit Scheme has had a successful first year in operation.

The Kent Permit Scheme (KPS) is a single scheme with defining principles for permitting all activities on all streets but with a primary focus on coordinating permits on the Major road network and Traffic Sensitive Streets. In its first year of operation the KPS have delivered many positive outcomes:

- Impressively, the total number of streetworks congestion and coordination complaints has reduced by 26% since the start of the KPS.

- In excess of 1500 total number of days saved as a result of collaborative working which calculates to a net saving in monetised costs of congestion relief to the travelling public of approx. £1million.
- Significant cultural change in respect of pre-planning and coordination of works, especially KCC's highway works, resulting in roadwork's being carried out more effectively and limiting disruption; improving consideration of residents and travelling public; and providing safer roadworks.

### **Northamptonshire Permit Scheme**

The Northamptonshire County Council permit scheme came into effect on 10th January 2012. The objective is to control and coordinate works on its strategic and traffic sensitive road network in order to minimise the effect of the works on Northamptonshire's road network. At the time of writing this report there was no information on lessons learnt from the Northamptonshire Permit Scheme as they have only been operating the scheme for less than 6 months and is still within their first year of operation.

## APPENDIX 3 - Timeline for Introducing a Permit Scheme

### Milestones:

	Activity
January 2013	Permit Scheme Project commencement including engaging services of specialist consultants.
Jan to April 2013	Review traffic sensitive roads network including consultation with Utilities and road users. If objections received to the proposed changes negotiation will be required.  If consultation fails to reach agreement report to be brought to Transport Committee to make final decision on the Traffic Sensitive roads network.
Jan to May 2013*	Scheme content discussions including fees matrix and standard conditions
May to June 2013*	Initial meetings with Statutory Undertakers and other interested parties
Spring / Summer 2013*	Gather data from Brighton and Hove City Council to enable draft cost benefit analysis to commence  Gather data from Brighton and Hove network management systems to enable fees matrix population to commence
Summer / Autumn 2013*	Commence formal consultation [ 12 weeks duration]
Winter 2013*	Review consultee comments and prepare report including any modifications to permit scheme documents
Winter 2013 / Spring 2014*	Brighton and Hove to review and approve final scheme through presentation at Transport Committee.
<b>All dates TBC</b>	<b>Submit scheme to DfT</b>
	DfT review scheme (DfT require min of 10 weeks)
Note	DfT will notify that scheme is accepted and require a response for a start date – response for start date must give DfT 10 more weeks to produce SI
	DfT /SoS process commencement order
	<b>Permit Authority submits revised NSG to GeoPlace</b>

	Activity
	Formal notification to consultees that permit order has been issued [must be 4 weeks notice before commencement date]
	<b>Permit Authority must have revised NSG published on GeoPlace</b>
	<b>Permit scheme goes live!</b>

All dates marked \* are subject to the formal agreement and adoption of the new traffic sensitive road network. If Transport Committee support required delays to the timetable will occur.

## **APPENDIX 4 - Traffic Sensitive Road Network**

Immediate work is required on the designation of traffic sensitivity of roads within Brighton & Hove and this will have to be carried out regardless of which option the Authority decides to follow. The requirements for Noticing and Permitting on traffic sensitive streets is greater and this will ensure that the city has the best level of control over road works that affect the busiest and most strategic routes.

Classifying a street as traffic sensitive is an essential tool as it will empower the city's Network Coordination Team when discussions are made with any works promoter. A traffic sensitive street will have clearly defined times where road works or traffic disruption should be avoided and greater consideration will have to be undertaken before disruption to a traffic sensitive street occurs.

This will not only affect excavations but all matters that cause disruption such as tree pruning, refuse collection or Utilities examining their cables or entering their manholes.

It does not mean that no disruption will occur to a traffic sensitive street at a particular time as some road works can not be avoided but it will ensure that the city's critical road network is managed and monitored in the most effective way.

Currently few city streets are classed as traffic sensitive due to the historical method of identifying their sensitivity through traffic counts of HGV vehicles but new regulations have been brought in that allow greater flexibility in the identification process.

It is estimated that the traffic sensitive network will more than treble in size once full evaluation of the criteria has been completed.

It is anticipated that the strategic bus and winter gritting route networks will form the basis for the traffic sensitive road network in the city although other strategic roads will be made traffic sensitive also. Making roads traffic sensitive will help to keep the network free flowing and also ensure road work durations are kept to a minimum through highlighting their importance to works promoters.

In house staff will lead on the process of updating the gazetteer but due to the vital nature and urgency of the required updates specialist support will also be engaged in this process also.

Attached below is an extract from section 5.4 of the New Roads and Street Works Act 1991 for information.



## **5.4 Traffic Sensitive Streets**

### **5.4.1 Background**

Under section 64 of NRSWA a street authority may designate certain streets (or parts of streets) as "traffic-sensitive" if they meet the criteria set out below, or by agreement with the majority of undertakers known to have apparatus in the street concerned.

This designation highlights that works in these situations are likely to be particularly disruptive to other road users, but it does not necessarily prevent occupation during traffic-sensitive times. Even if a street meets one of the criteria, it does not mean that a designation has to be made - each case should be dealt with on its merits.

Depending on circumstances, designation may apply to the carriageway only, or to a footway or pedestrian area only, to part of a length of street, and to certain times of day, days of the week, or days of the year.

Once a designation is made it applies to all works taking place in the street. Highway authorities and undertakers should not work in the carriageway of traffic-sensitive streets at sensitive times unless there is no alternative.

### **5.4.2 The criteria for designation**

To encourage works outside the traffic-sensitive period street authorities should not make a designation for any period longer than is strictly necessary.

One or more of the following criteria should apply before a street authority may designate a street as traffic-sensitive:

(a) The street is one on which, at any time, the street authority estimates traffic flow to be greater than 500 vehicles per hour, per lane of carriageway, excluding bus or cycle lanes.

(b) The street is a single carriageway two-way road, the carriageway of which, is less than 6.5 metres wide, having a total traffic flow in both directions of not less than 600 vehicles per hour.

(c) The street falls within a congestion charges area.

(d) Traffic flow contains more than 25% heavy commercial vehicles.

(e) The street carries more than eight buses an hour.

(f) The street is designated for pre-salting, by the street authority as part of its programme of winter maintenance.

(g) The street is within 100 metres of a critical signalised junction, gyratory or roundabout system.

(h) The street, or that part of a street that, has a pedestrian flow rate in both directions at any time, of at least 1,300 persons per hour, per metre width of footway.

(i) The street is on a tourist route or within an area where international, national, or significant major local events take place.

### **5.5 Procedure for making designations**

Before making any designation, the street authority shall give a notice which:

- specifies a period, of not less than one month, when objections may be made; and
- for designations of streets as traffic-sensitive, identifies the criteria that are met.

To:

- every undertaker known to the street authority to be working in its area, and every undertaker that has given the authority notice of its intention to start working in its area
- every other local authority for the street to which the proposed designation relates
- Transport for London, where the street is in Greater London
- the chief officer of police, chief executive of fire and rescue authority, the chief executive of the National Health Service ambulance trust
- Passenger Transport Executives and other transport authorities, such as light rail operators
- any person who has submitted a written request to be given notice of a proposed designation. This may include other street authorities eg Highways Agency or Network Rail.
- for the designation of streets as protected, the occupiers of properties fronting the street concerned

In addition, when it is proposed to designate a street as protected, the occupiers of any property that fronts the street concerned should be given a copy too. The above list is not definitive and there may be other bodies that could be consulted before making a designation, for instance neighbouring authorities, local groups. Authorities may also wish to publish proposed designations in local newspapers.

In the case of traffic sensitive streets, the notice must identify the criteria that means the street merits designation and it would be sensible to include the rationale.

If the street authority does not receive any objections within the specified period, or if all objections have been withdrawn, the authority may make the designation.

If there are outstanding objections at the end of the consultation period, the street authority must give them careful consideration. In the case of a proposed designation of a street as protected, a local inquiry should be held and its report considered alongside the objections. It may then make the designation, with or without modifications, or decide not to do so. The street authority should carefully consider the arguments for and against the proposed designation and should act reasonably in coming to its decision.

When a designation is made, the highway authority shall notify the NSG Concessionaire.