

Cabinet

15 January 2020

Roads and Street Works Permit Scheme

Key Decision No. REAL/10/19



Report of Corporate Management Team

Ian Thompson, Corporate Director of Regeneration and Local Services

Councillor Brian Stephens, Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships

Electoral divisions affected:

Countywide.

Purpose of the Report

1. To provide Cabinet with information regarding the introduction of a street works permit scheme and to:
 - (a) seek approval to implement the County Council of Durham Roads and Street Works Permit Scheme; and
 - (b) seek approval to implement a new staffing structure as defined in Appendix 2 entitled "Finance and Staffing Structure".

Executive summary

2. In 2004 the Traffic Management Act (TMA) was introduced to tackle congestion and disruption on the highway network.
3. The TMA provided local authorities with additional tools to coordinate street works including the power to introduce permit schemes as an alternative to the existing notice scheme detailed in the New Roads and Street Works Act 1991 (NRSWA).
4. The primary benefits of a permit scheme are:
 - (a) a reduction in both the number of highways works and their duration through proactive management of activities on the highway to minimise disruption to the travelling public;
 - (b) an improvement in the quality and timeliness of information that is available to the public; and

- (c) more proactive and collaborative planning and working between all works promoters.
5. The anticipated reduction in disruption caused by street works may also support economic growth and reduce carbon emissions.
 6. Unlike the notice scheme, permit schemes are optional. If a highway authority wishes to introduce a permit scheme it can do so with an order made by the Council's Chief Executive.
 7. In July 2018, the Secretary of State for Transport sent a letter to the Chief Executives of all highway authorities not operating a permit scheme including Durham County Council. It asked that they consider introducing a permit scheme by 31 March 2020.
 8. The letter also made the Chief Executives aware that the Secretary of State for Transport has powers under Section 3(2) of the Traffic Management Act to direct an authority to introduce a permit scheme.
 9. Following receipt of the Secretary of State for Transport's letter in July 2018, the 11 north east authorities not currently operating a permit scheme, met and adopted a collaborative approach to introducing permit schemes in each of their authorities.
 10. To support all 11 north east authorities, Capita, a consultancy experienced in implementing permit schemes, was appointed to assist with the development and implementation of the scheme.
 11. Development of the single permit scheme, which covers all highways maintained by the Council, is now complete with the scheme operation document 'The County Council of Durham Roads and Street Works Permit Scheme' having now completed its full three month public statutory consultation.
 12. The consultation was sent to all statutory consultees, including the DfT permit schemes specialist, and was placed on the Council's webpage for the general public to view and comment.
 13. This consultation was completed on 7 November 2019. Comments made by consultees have now been considered resulting in minor adjustments to the document. The final 'The County Council of Durham Roads and Street Works Permit Scheme' is available to view upon request.

14. Should Cabinet approve the introduction of the permit scheme it will be necessary to implement a new staffing structure in readiness for commencement by 31 March 2020.

15. The anticipated permit scheme income and expenditure is detailed below:

Permit Scheme Income & Expenditure	Year 1	Year 2
Income - Permit applications	£707,175.00	£707,175.00
Expenditure - Implementation costs (New IT, hardware, training etc.)	-£90,850.00	N/A
Expenditure - Additional staff costs	-£399,312.00	-£399,312.00
Expenditure - Ongoing costs (IT licences, phone bills, fuel etc.)	-£66,490.00	-£66,490.00
Overall Surplus	£150,523.00	£241,373.00

16. It is anticipated that the permit scheme will make a surplus of £150,523 in year one followed by a surplus of £241,323 in each subsequent year.

17. If the anticipated surplus is generated it is proposed that it be used to fund any necessary future adjustments to the permit scheme staffing structure or other future operational costs that have not been anticipated in this report.

18. If there remains a surplus from permit fees appropriate adjustments shall be made to the fee structure in order to operate a cost neutral service in future financial years.

Recommendations

19. It is recommended that Cabinet:

- (a) approve the Permit Scheme; and
- (b) approve the implementation of the new staffing structure as detailed at Appendix 2 entitled "Finance and Staffing Structure".

Background

20. The efficient coordination of street works is one of the most important aspects of street works legislation benefiting highway authorities, statutory undertakers and highway users alike.
21. The NRSWA sets out the objectives of the coordination function. These are to ensure safety, to minimise inconvenience to people using a street, to protect the structure of the highway and the apparatus in it.
22. Highway authorities have a duty under Section 59 of the NRSWA to coordinate works on the highway. Statutory undertakers have a duty under Section 60 of the NRSWA to cooperate in the coordination process.
23. The NRSWA introduced a notice scheme that requires both statutory undertakers and the highway authority to give notification of their intention to undertake works on the highway. Notices provide valuable information to aid the coordination process with notice periods providing time for appropriate measures to be taken to mitigate against the impact of the works.
24. In 2004, the TMA was introduced to tackle congestion and disruption on the road network. The Act placed a 'statutory network management duty' on highway authorities to manage its road network with a view to achieving, as far as is practicable, the expeditious movement of traffic.
25. The TMA gave local authorities additional tools to coordinate street works including the power to introduce permit schemes as an alternative to the notice scheme set out in the NRSWA.
26. The primary benefits of a permit scheme are:
 - a reduction in both the number of highways works and their duration through proactive management of activities on the highway to minimise disruption to the travelling public;
 - an improvement in the quality and timeliness of information that is available to the public; and
 - more proactive and collaborative planning and working between all works promoters.
27. The anticipated reduction in disruption caused by street works may also support economic growth and reduce carbon emissions.

28. Unlike the notice scheme, permit schemes are currently optional. If a highway authority wishes to introduce a permit scheme it can do so by statutory order made by the highway authority's Chief Executive.
29. To date, over 60% of highway authorities nationally have introduced a permit scheme. However, in the north east region only 1 out of the 12 highway authorities, North Tyneside Council, has done so.
30. In June 2018, the Government published an independent research report evaluating the effectiveness of permit schemes. The research demonstrated that permit schemes result in a reduction in the duration of works and provide better outcomes for all highway users.
31. The primary recommendation of the research report was that highway authorities not operating a permit scheme should consider introducing one as soon as possible.
32. In July 2018, the Secretary of State for Transport sent a letter to the Chief Executives of all highway authorities not operating a permit scheme including Durham County Council. Along with bringing to the highways authorities' attention a research report, it also asked that they consider introducing a permit scheme by 31 March 2019. This date was later revised to 31 March 2020.
33. The letter also made the Chief Executives aware that the Secretary of State for Transport has powers under Section 3(2) of the Traffic Management Act 2004 to direct an authority to introduce a permit scheme. It was stated that this approach may be used if a highway authority continued to rely on what he believed were 'outdated and ineffective noticing arrangements'.

Permit Schemes

34. A permit scheme requires both statutory undertakers and the highway authority to apply for permission to use road space rather than simply notify the authority of their intention to undertake work.
35. All permit applications must provide details of the proposed location, type of work, duration, extent of highway to be occupied, traffic management required and any mitigation measures to be undertaken.
36. Upon receipt of the application, the information provided is assessed by the permit authority before either granting, refusing or requesting a modification of the application. Conditions may also be imposed including the type of traffic management used, extent of diversions or limitations on working hours.

37. It is considered, therefore, that a permit scheme provides highway authorities with additional tools to coordinate works and fulfil their statutory network management duty.

Permit Fees

38. A permit authority charges a fee in accordance with the relevant regulations for assessing each application as well as issuing or varying a permit.
39. Higher fees are payable for works carried out in traffic sensitive streets with lower or discounted fees being payable for works in non-traffic sensitive streets or at times which will cause the least disruption to the highway network.
40. Permit fees are payable only by statutory undertakers with income being ring-fenced for use in the coordination and administration of the permit scheme.
41. A highway authority, when applying for a permit, is not required to pay a permit fee. The Council is also required to fund the coordination and administration of its own permit applications. It is anticipated that highways services will require an additional two members of staff to administer its own permit applications. These staff will be funded from highways services budget.
42. Permit schemes shall not make a surplus and cannot be used to fund any other local authority function as set out in the permit regulations governing the operation of schemes.
43. Whilst a highway authority is not required to pay a permit fee, in all other circumstances there must be parity between its works and those of statutory undertakers. A highway authority shall not favour its own works and must impose the same permit conditions upon itself as it would a statutory undertaker in order to fulfil its 'network management duty' and comply with the TMA and statutory guidance.
44. At the end of each financial year each permit authority operating a permit scheme must produce an annual report that includes established performance indicators.
45. The report is submitted to the Department for Transport (DfT) for review and must be published to enable statutory undertakers and other interested parties to review, analyse and reflect on the performance of the scheme.

Current Situation

46. Following receipt of the Secretary of State for Transport's letter in July 2018, the 11 north east authorities not currently operating a permit scheme, met and agreed to adopt a collaborative approach to introducing a permit scheme for their local authority area by 31 March 2020.
47. This collaborative approach means that the permit scheme rules and conditions that have been developed by each local authority are broadly similar making the scheme largely consistent for statutory undertakers working across the region. However, each local authority is introducing a single authority permit scheme which, while being similar in nature, will have slight variations to meet specific authority needs. In addition, it has allowed the implementation programme to be expedited through the achievement of scheme development and implementation efficiencies.
48. To support all 11 north east authorities, Capita, a consultancy experienced in implementing permit schemes, has assisted with development and implementation.
49. Capita has worked with each highway authority to develop and enhance commonalities and manage differences to ensure each permit scheme is delivered in the most effective and efficient way. This has included assisting in the:
 - defining of scheme objectives and development of scheme conditions;
 - review of current highway network designations in relation to traffic sensitivity and hierarchy;
 - preparation of a business case including cost benefit analysis as detailed in Appendix 3. The basis of which uses a DfT calculator for assessing the viability of the permit scheme and the additional staff requirements;
 - informal and formal consultation with statutory consultees;
 - understanding of internal implications of requiring in-house services to apply for permits;
 - creation of a permit fee charging structure; and
 - assessment of information and communications technology and other resource implications.

50. Development of the permit scheme is now complete. The DfT cost benefit analysis has calculated the 'net present value' of the scheme over a 10 year period to be £743,570. This demonstrates that the scheme is predicted to be both value for money and a benefit to County Durham. Further information can be found detailed at Appendix 3 entitled "The County Council of Permit Scheme for Road and Street Works Business Case and Cost Benefit Analysis".
51. The scheme operation document entitled "The County Council of Durham Roads and Street Works Permit Scheme" was subject of a full three month statutory public consultation which was completed on 7 November 2019.
52. The consultation was sent to all statutory consultees, including the DfT permit schemes specialist, and was placed on the Council's webpage for the general public to view and comment.
53. Comments made by consultees have now been considered resulting in minor adjustments to the document. The final document is available to view upon request.
54. It is now necessary to implement a new staffing structure, in readiness for the scheme commencing, by 31 March 2020.

Options

55. As permit schemes are optional a local authority may choose not to introduce one and continue to operate a notice scheme. However, the Secretary of State for Transport may use their powers to direct an authority to do so in the future.
56. Implementing a permit scheme at this point in time has taken advantage of allowing collaborative working with the other north east authorities and has therefore provided the most cost-effective solution.

Main implications

57. The main implications associated with introducing a permit scheme are:
 - legal implications: highway authorities have a duty under Section 59 of the NRSWA to coordinate works on the highway. Statutory undertakers have a duty under Section 60 of the NRSWA to cooperate in the coordination process.

The TMA places a 'statutory network management duty' on highway authorities to manage its road network with a view to achieving, as far as is practicable, the expeditious movement of traffic on the road network.

The TMA Part 3 (Sections 32 to 39) gave highway authorities additional tools to coordinate street works including the power to introduce permit schemes as an alternative to the notice scheme set out in the NRSWA.

They are regulated in England by the Traffic Management Permit Scheme (England) Regulations 2007 (the 2007 regulations).

The Deregulation Act 2015 removed in England the requirement for permit schemes to be approved by the Secretary of State. It amended the TMA enabling highway authorities in England to make their own schemes and to vary or revoke existing schemes.

The 2007 Regulations have been amended by the Traffic Management Permit Scheme (England) (Amendment) Regulations 2015 (S.I. 2015/958) to reflect changes made by the Deregulation Act 2015 and other changes to the operation of permit schemes. The amended regulations apply to all new schemes from 30 June 2015.

Under section 33(5) of the TMA highway authorities preparing a permit scheme are also required to have regard to Statutory Guidance issued by the Secretary of State.

The permit scheme has been prepared in accordance with the above and advice has been sought from Legal & Democratic Services.

- additional costs: the additional costs associated with operating the permit scheme are funded from permit fees. However, only those costs associated with coordination and administration of statutory undertaker's works are recoverable.

The permit scheme is anticipated to make a surplus of £150,523 in year one followed by a surplus of £241,323 in each subsequent year.

If the anticipated surplus is generated, it is proposed that it be used to fund any necessary future adjustments to the permit scheme staffing structure or other future operational costs that have not been anticipated in this report. If there remains a surplus from permit fees, appropriate adjustments shall be made to the fee structure in order to operate a cost neutral service in future financial years.

Full financial details are provided in Appendix 2 entitled “Finance and Staffing Structure”.

- human resource implications: additional staff are required to operate the permit scheme. A proposed new staffing structure has been developed and is detailed at Appendix 2 entitled “Finance and Staffing Structure”.

Additional office space and infrastructure will be required to accommodate the new permit team as the current office space is at capacity.

Conclusion

58. The Secretary of State for Transport believes the Council’s current street works noticing arrangements are outdated and ineffective and has the powers under Section 3(2) of the Traffic Management Act to direct a highway authority to introduce a permit scheme.
59. The Secretary of State for Transport has asked that the Council and other north east highway authorities consider introducing a permit scheme by 31 March 2020.
60. The Council has worked collaboratively with these authorities with a view to each introducing a single permit scheme by this date.
61. Development of the permit scheme is now complete. The scheme operation document entitled “The County Council of Durham Roads and Street Works Permit Scheme” was subject of a full public statutory consultation which was completed on 7 November 2019. Comments made by consultees have now been considered resulting in minor adjustments to the document. The final document is available to view upon request.
62. It is now necessary to implement a new staffing structure in readiness for the scheme commencing by 31 March 2020.

Appendices

- Appendix 1: Implications
- Appendix 2: Finance & Staffing Structure
- Appendix 3: County Council of Durham Permit Scheme for Road and Street Works - Business Case and Cost Benefit Analysis

Background papers

- New Roads and Streetworks Act 1991
- Traffic Management Act 2004

Other useful documents

- Secretary of State for Transport's Letter dated 12 July 2018 to Regional Chief Executives
- County Council of Durham Roads and Street Works Permit Scheme

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Appendix 1: Implications

Legal Implications

Please refer to the main implications detailed in the report.

Finance

Please refer to the main implications detailed in the report.

Consultation

The permit scheme has been the subject of a three month statutory consultation process as required by the permit scheme's regulations.

The consultation was sent to all statutory consultees, including the DfT permit schemes specialist, and was placed on the Council's webpage for the general public to view and comment.

The Council received a small number of minor comments and observations which have been incorporated into the permit scheme presented for approval.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

The anticipated reduction in disruption caused by street works may also reduce carbon emissions.

Human Rights

None.

Crime and Disorder

None.

Staffing

Please refer to the main implications detailed in the report.

Accommodation

The additional staff associated with introducing a permit scheme will result in additional accommodation being required for the traffic and streetworks team.

Risk

Permit schemes are optional, however, failure to implement the scheme may result in the Secretary of State for Transport using their powers to compel the Council to do so in the future.

Procurement

Procurement of a consultant to support the 11 north east highway authorities has been undertaken collaboratively.

Also, there will be a requirement to purchase office furniture and IT equipment including mobile phones and vehicles.

Appendix 2: Finance & Staffing Structure

This appendix relates to the income, expenditure and staffing structure in relation to the streetworks team.

The impact of introducing a permit scheme upon the Council's operations division will be the subject of a separate report.

Existing Streetworks Team Structure

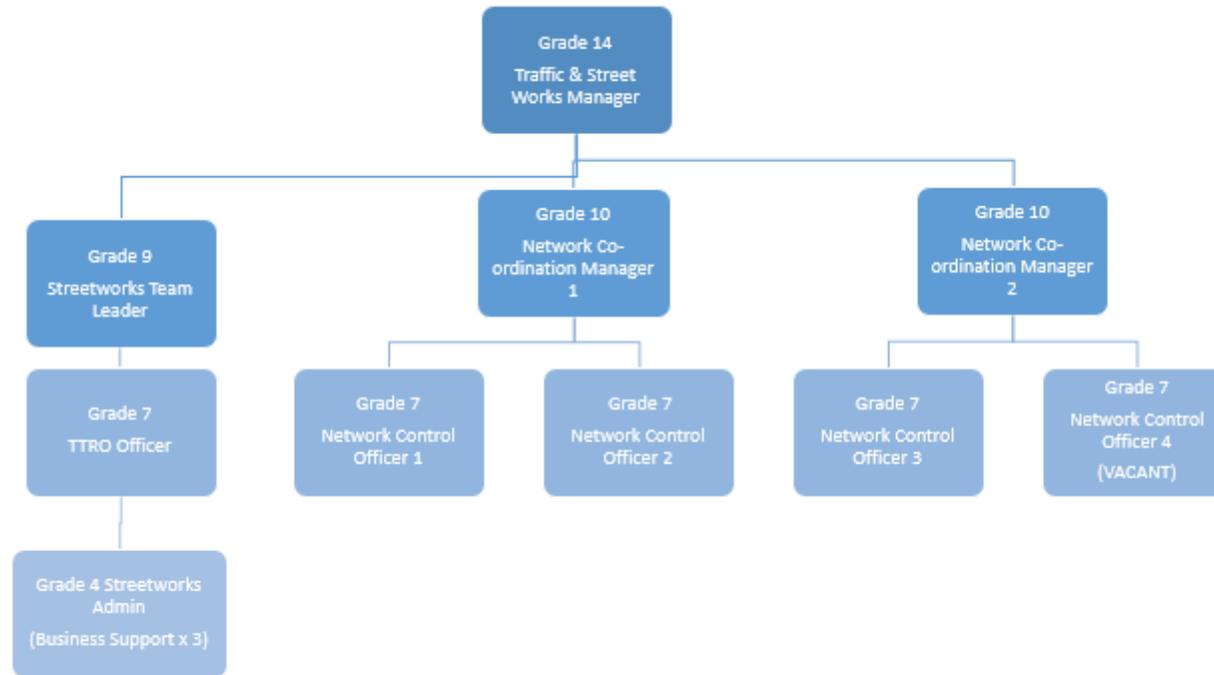
The streetworks team is responsible for coordinating and inspecting all works within the highway to ensure compliance with the NRSWA and all associated statutory instruments. In addition, the team issue licences for private persons or organisations to install or work on apparatus in the highway, process temporary Traffic Regulation Orders, issue Fixed Penalty Notices and overrun charges. They are also custodians of the National Streetworks Gazetteer for County Durham.

The total existing streetworks staffing cost including overheads is £400,621.88. This excludes the cost of business support staff as these posts are funded from Transformation & Partnerships. A detailed breakdown of costs is shown in Figure 1. The existing streetworks team structure is detailed in Figure 2.

Figure 1: Existing Streetworks Team Staffing Costs

	Post Title	Funding	Grade	Full Time Equivalent	Salary (top of band)	Total with on-costs (top of band)
1	Technical - Traffic & Streetworks Manager	Streetworks Revenue	14	50%	£45,531.00	£36,440.63
2	Technical - Network Control Manager (East)	Streetworks Revenue	10	100%	£33,739.00	£53,645.00
3	Technical - Network Control Manager (West)	Streetworks Revenue	10	100%	£33,739.00	£53,645.00
4	Technical - Street Works Team Leader	Streetworks Revenue	9	100%	£31,371.00	£49,685.00
5	Technical - TTRO Officer	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
6	Technical - Network Control Officers (East Area)	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
7	Technical - Network Control Officers (East Area)	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
8	Technical - Network Control Officers (West Area)	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
9	Technical - Network Control Officers (West Area)	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
10	Administrative - Business Support	Transformation & Partnerships Revenue	4	100%	Not included in calculation	Not included in calculation
11	Administrative - Business Support	Transformation & Partnerships Revenue	4	100%	Not included in calculation	Not included in calculation
12	Administrative - Business Support	Transformation & Partnerships Revenue	4	100%	Not included in calculation	Not included in calculation
	TOTAL Existing Streetworks Team			850%	£276,145.00	£400,621.88
	TOTAL Existing Streetworks Team (Business Support)			300%	£0.00	£0.00
	TOTAL			1150%	£276,145.00	£400,621.88

Figure 2: Existing Streetworks Team



Proposed Streetworks and Permit Team Structure

The proposed streetworks and permit team, as well as maintaining its current responsibilities, is predicted to assume the task of processing a combined total of between 16,000 and 25,000 permit applications per annum. These will be submitted by both statutory undertakers and the Council's highway services team. The exact number will only be established following implementation of the permit scheme. Consequently, it is proposed to establish the streetworks and permit team in two phases.

Figure 4 identifies the proposed streetworks and permit team. Existing staff are detailed in blue ink, staff to appointed/realigned during phase one are detailed in green and purple ink and staff to be appointed during phase two are detailed in red ink.

Phase two staff will only be appointed if the proposed streetworks and permit team are unable to successfully process the actual volume of permits. All calculations detailed below are based on costs following implementation of phases one and two.

Each permit application will provide details of the proposed location, type of work, duration, extent of highway to be occupied, traffic management required and any mitigation measures to be undertaken. Upon receipt of the application, the information provided will be assessed by the permit team before either granting, refusing or requesting a modification of the application. Conditions may also be imposed including the type of traffic management used, extent of diversions or limitations on working hours.

The proposed permit team staffing costs includes a number of new roles, staff realignments and roles and responsibility adjustments. The total proposed streetworks and permit team value is a combination of the savings resulting from changes to the existing streetworks team and the cost of the proposed permit team:

- Cost following changes to the existing streetworks team : £215,450; and
- Cost following creation of the new permit team is : £584,484.

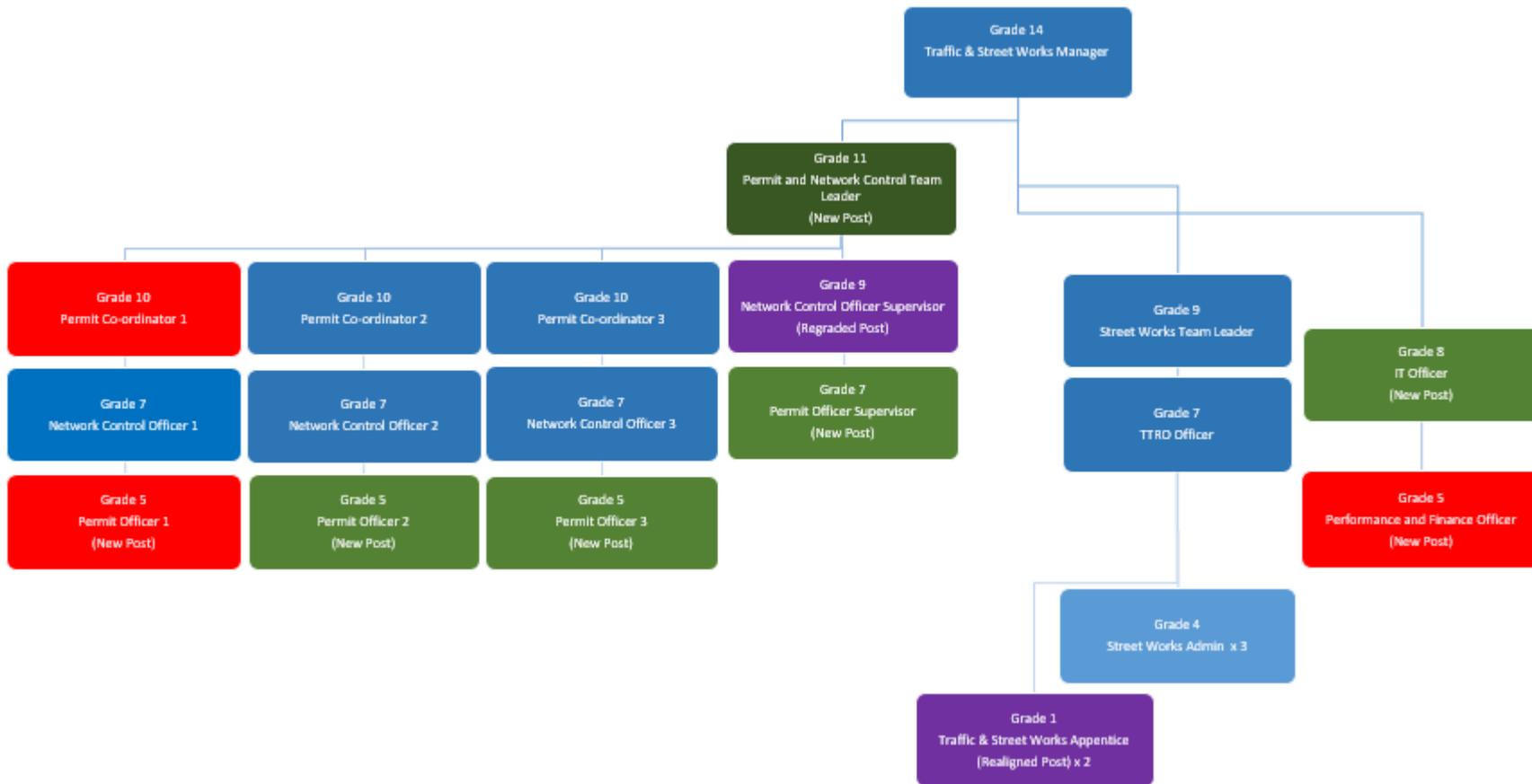
A detailed breakdown of costs is detailed in Figure 3. The proposed streetworks and permit team structure is detailed in Figure 4.

Figure 3: Proposed Streetworks and Permit Team Staffing Costs

Post Title	Funding	Grade	Full Time Equivalent	Salary (top of band)	Total with on-costs (top of band)
1 Technical - Traffic & Streetworks Manager	Permit Scheme (50% Realigned from Streetworks)	14	50%	£45,591.00	£36,440.63
2 Technical - Permit and Network Control Team Leader	Permit Scheme (New Post)	11	100%	£36,876.00	£58,665.00
3 Technical - Permit Co-ordinator (1)	Permit Scheme (Realigned from Streetworks)	10	100%	£33,793.00	£53,645.00
4 Technical - Permit Co-ordinator (2)	Permit Scheme (Realigned from Streetworks)	10	100%	£33,793.00	£53,645.00
5 Technical - Permit Co-ordinator (3)	Permit Scheme (New Post)	10	100%	£33,793.00	£53,645.00
6 Technical - Network Control Officer Supervisor	Permit Scheme (Re-graded vacant post realigned from Streetworks)	9	100%	£31,371.00	£43,685.00
7 Technical - Network Control Officers (1)	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
8 Technical - Network Control Officers (2)	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
9 Technical - Network Control Officers (3)	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
10 Technical - Traffic & Streetworks Engineer	Permit Scheme (Re-graded post realigned from Streetworks)	7 > 9	25%	£5,054.00	£8,243.00
11 Technical - Permit Officer Supervisor	Permit Scheme (New Post)	7	100%	£26,317.00	£41,441.25
12 Technical - Permit Officer (1)	Permit Scheme (New Post)	5	100%	£21,589.00	£33,727.50
13 Technical - Permit Officer (2)	Permit Scheme (New Post)	5	100%	£21,589.00	£33,727.50
14 Technical - Permit Officer (3)	Permit Scheme (New Post)	5	100%	£21,589.00	£33,727.50
15 Technical - Street Works IT Officer	Permit Scheme (New Post)	8	100%	£28,785.00	£45,466.25
16 Technical - Streetworks Performance and Finance Officer	Permit Scheme (New Post)	5	100%	£21,589.00	£33,727.50
17 Technical - Streetworks Team Leader	Streetworks Revenue	9	100%	£31,371.00	£43,685.00
18 Technical - TTRO Officer	Streetworks Revenue	7	100%	£26,317.00	£41,441.25
19 Administrative - Business Support	Business Support Revenue	4	100%	Not included in calculation	Not included in calculation
20 Administrative - Business Support	Business Support Revenue	4	100%	Not included in calculation	Not included in calculation
21 Administrative - Business Support	Business Support Revenue	4	100%	Not included in calculation	Not included in calculation
22 Technical - Traffic & Streetworks Apprentice	Permit Scheme (New Post)	Apprentice	100%	£15,833.48	£24,343.12
23 Technical - Traffic & Streetworks Apprentice	Permit Scheme (New Post)	Apprentice	100%	£15,833.48	£24,343.12
TOTAL Proposed Streetworks Team			500%	£136,639.00	£215,450.00
TOTAL Proposed Streetworks Team (Business Support)			300%	£0.00	£0.00
TOTAL Proposed Permit Scheme Team			1375%	£393,425.96	£584,484.37
TOTAL			2175%	£530,064.96	£799,934.37

Figure 4: Proposed Streetworks and Permit Team

- existing staff: blue;
- phase one staff: green and purple; and
- phase two staff: red.



Total Net Staffing Cost

The total net staffing cost is therefore the difference between the cost of the existing streetworks team staffing structure and the cost following changes to the existing streetworks team and the proposed permit team after all new roles, staff realignments and role and responsibility adjustments. The total net staffing cost is £399,312.50. A detailed breakdown is detailed in Figure 5.

Figure 5: Total Net cost of proposed Streetworks and Permit Team

TOTAL Existing Streetworks Team	TOTAL Proposed Streetworks Team	TOTAL COST	TOTAL NET COST
£400,621.88	£215,450.00	-£185,171.88	
TOTAL Existing Streetworks Team (Business Support)	TOTAL Proposed Streetworks Team (Business Support)		
Not included in calculation	Not included in calculation	£0.00	
	TOTAL Proposed Permit Scheme Team		
	£584,484.37	£584,484.37	
	TOTAL STAFFING		£399,312.50

Expenditure

In addition to the additional staffing costs of £399,312 there are also both implementation costs and ongoing costs.

Implementation Costs

This cost includes all necessary IT, purchase of hardware including chairs, desks, computers, and staffing time to recruit, train and develop operational processes and procedures. These costs will be recouped from permit fees. Pre-implementation operational costs for the Council's scheme is anticipated to be approximately £90,850.

Operational Costs	Funding	Proposed Estimated Costs
IT - Symology (One of implementation costs)	Permit Scheme	£6,000.00
IT - Symology (Compliance letter)	Permit Scheme	£3,500.00
IT - Symology (Training)	Permit Scheme	£5,200.00
IT - Symology (Floor Walker)	Permit Scheme	£1,000.00
IT - DCC (Internal work)	Permit Scheme	£13,500.00
IT - DCC (Internal work implementation day)	Permit Scheme	£750.00
IT - Streetmanager (API Charges)	Permit Scheme	£10,000.00
Hardware - Chairs and desks	Permit Scheme	£5,000.00
Hardware - Large screen	Permit Scheme	£2,400.00
Hardware - Computers, screens etc.	Permit Scheme	£3,500.00
Operational - DCC (Internal work)	Permit Scheme	£40,000.00
TOTAL		£90,850.00

Ongoing Operational Costs

This includes all ongoing IT maintenance and licence costs, mobile phones and land lines, recruitment and training costs and vehicles. These costs will be recouped from permit fees. Ongoing costs for the Council's scheme are anticipated to be approximately £66,490 per annum.

Operational Costs	Funding	Proposed Estimated Costs
IT - Symology (Additional Users)	Permit Scheme	£5,000.00
IT - Streetmanager	Permit Scheme	£17,000.00
IT - Elgin (link to Symology)	Permit Scheme	£8,740.00
Equipment - Mobile phones	Permit Scheme	£750.00
Equipment - Landline phones	Permit Scheme	£3,500.00
Operational - Mileage	Permit Scheme	£2,500.00
Operational - Recruitment	Permit Scheme	£4,000.00
Operational - Vehicles	Permit Scheme	£25,000.00
TOTAL		£66,490.00

Annual Revenue to the Local Authority

Only statutory undertakers are required to pay a permit fee. Fees from a permit scheme will be used to recover the operational costs related to the additional work undertaken by the Council on permit applications from statutory undertakers. The anticipated annual revenue from the permit scheme is £707,175.

Annual revenue from the permit scheme	£707,175
Annual revenue from local authority works promoters permit fees	£0
Annual revenue from statutory undertakers permit fees	£707,175

Source – DfT Permit Calculator

Net Projected Post Implementation Costs

The projected surplus for Year 1 of the permit scheme is anticipated to be £150,523.

	Estimated Cost
Annual Revenue from Permit Scheme	£707,175
Additional Staff Costs to Operate Permit Scheme	-£399,312
Implementation Costs	-£90,850
Ongoing Operational Costs	-£66,490
TOTAL	£150,523

The projected surplus for Year 2 onwards of the permit scheme is anticipated to be £241,373.

	Estimated Cost
Annual Revenue from Permit Scheme	£707,175
Additional Staff Costs to Operate Permit Scheme	-£399,312
Ongoing Operational Costs	-£66,490
TOTAL	£241,373

Summary

The permit scheme is anticipated to make a surplus of £150,523 in year one followed by a surplus of £241,323 in each subsequent year from fees.

Permit schemes are not allowed to make a surplus from fees and where there is a surplus it cannot be used to fund any other local authority transport function. Fees and any surplus can only be used for the coordination and administration statutory undertakers works.

As the Council's own workforce are not required to pay a permit fee any surplus income cannot be used to fund the coordination and administration of their works.

Consequently, if the anticipated surplus is generated it is proposed that it be used to fund any necessary future adjustments to the permit scheme staffing structure or other future operational costs that have not been anticipated in this report. If there remains a surplus from permit fees appropriate adjustments shall be made to the fee structure in order to operate a cost neutral service in future financial year.

Table of Contents

Section 1 – The Business Case.....	3
About County Durham	3
Background to the Permit Scheme	4
The Proposed Permit Scheme.....	5
Notice Regime versus Permit Scheme	6
Aim of the Scheme	Error! Bookmark not defined.
Permit Scheme Criteria	8
Permit Scheme Coverage Options	9
The Business Case	10
Balance of Costs and Benefits.....	10
Risks.....	12
Section 2 – Cost Benefit Analysis.....	14
The DfT Local Authority Permit Calculator	14
Inputs.....	14
Total number of street works – 2017/18	14
Major Works	15
0-2 category roads.....	15
Permit Fee Structure	16
Outputs.....	17
Impact on number of works	17
Impact on the number of workdays (total duration of works)	17
Impact on the costs of congestion to road users	(Source:) 18
Cost to the local authority to set up and operate the permit scheme	19
Set-up costs.....	20
Local Authority operational costs (per year)	20
Local Authority works promoter’s costs	20
Cost to statutory undertakers.....	21
Annual revenue to the local authority	21
Conclusion.....	21

Section 1 – The Business Case

About County Durham

County Durham extends from the Durham Heritage Coast in the east to the high moors of the North Pennines in the west. It is a large geographic area covering 223,000 hectares (862 square miles) and is bordered by the major conurbations of Tyne and Wear to the north, Tees Valley to the south and Cumbria to the west.



The county is predominantly rural in nature, with settlement patterns centred on 12 main towns, secondary settlements and local service centres. There are almost 200 other smaller settlements, many of them former colliery villages.

County Durham has a population of just over 500,000 in approximately 230,000 households. The City of Durham is the county's most significant centre, dominated by the World Heritage Site of Durham Cathedral and Castle.

Within County Durham there is a wide variety of transport infrastructure including 3700 km of roads, 3400 km of footways and approximately 1400 highway structures. As well as providing a relatively safe and efficient passage and access for all highway users, it is fundamental to the economic, social and environmental well-being of all communities within the county.

Background to the Permit Scheme

Avoiding and minimising traffic congestion on the Council's highway network roads is one of the key challenges facing the Council today. The ability of people and goods to move freely and meeting the everyday needs of business and citizens, depends largely on a well-managed and highly efficient network.

Most road works reduce the width of the street available to highway users. They also inconvenience businesses and local residents. The scale of disruption and nuisance will depend on the type of activity and the traffic sensitivity of the particular street. In all cases, public tolerance is strained when one set of road works is quickly followed by another, or when the Highway Authority resurfaces the street and it is opened up shortly after.

In June 2018, the Government published an independent research report evaluating the effectiveness of permit schemes. The research demonstrated that permit schemes can reduce the number and duration of works and provide the best outcomes for all highway users. The primary recommendation of the research report was that highway authorities not operating a permit scheme should consider introducing one as soon as possible.

On 12 July 2018, the Secretary of State for Transport, The Rt. Hon. Chris Grayling sent a letter to the Chief Executives of all highway authorities not operating a permit scheme including Durham County Council. As well as bringing to their attention the research report it also asked that they consider introducing a permit scheme by 31 March 2020.

The Proposed Permit Scheme

The proposed Permit Scheme will require all works promoters (utility company, Transport Authority or Highway Authority) to provide adequate information regarding when they wish to undertake works in the carriageways, footways and verges within an adopted highway. This will enable the Permit Authority to understand and more easily manage the impact of these essential works on the highway network.

The Permit Scheme will provide highway authorities with the ability to control the timings, methods and road space taken by the works and thereby aid the expeditious movement of traffic across the road network. This relies on the ability to scrutinise each permit application and if applicable apply conditions. This extra work puts additional operational and administrative burdens onto councils wishing to operate a scheme.

The Permit Scheme will provide the following key benefits for Durham County Council residents, businesses and visitors;

- greater opportunity to deliver and achieve completion dates through sharing best practice and overall cooperation;
- reduced delays and disruption to economic activity;
- improved reliability of journey times, especially by public transport;
- improved safety at all road works sites;
- improved communication about the purpose and duration of the works;

By adopting a scheme, Durham County Council will charge a fee permit for applications made by utility companies. Permits may be charged at rates of between £35 and £240 dependent on the works type. The maximum fees are

determined by DfT at national level. It is important however, to be aware that whilst Durham County Council's own works in the highway, such as road resurfacing and traffic calming measures, do not attract a charge, they must be considered and decided upon in the same manner as those undertaken by the utility companies which the DfT refer to as 'parity of determination'.

Key Performance Indicators will be produced and made available to the public on an annual basis to aid transparency in terms of fee income council costs incurred in operating the scheme and "parity" between permit application outcomes related to utility and council streetworks.

Permit Schemes have a significant administrative impact on the Council. These should be fully funded by the permit fees for coordinating and administering utility works. However, as the Authority's own work promoters are not required to pay a permit fee and permit income from the utility companies cannot be used to fund the administrative burden of co-ordinating and processing council permits. This must be funded by the Council.

The authority has set its permit charges to ensure that permit administration and technical costs are cost neutral to the utility companies. If there is any surplus income permit fees may be adjusted in future years. Income from permit fees can only be used for administering the Permit Scheme so far as it relates to the utility companies.

Durham County Council by choosing to implement a Permit Scheme should be aware that either indirectly or directly; members of public, businesses and organisations within the county may be paying for the Permit Scheme through increased energy or telecommunication bills. These charges are seen by Industry Regulators as unavoidable costs imposed upon undertakers and therefore allow the passing of charges to their customers.

Notice Regime versus Permit Scheme

Under the New Roads and Street Works Act 1991 (NRSWA), if a utility company wishes to open the road, which it has a statutory right to do, it notifies the local Highway Authority of its intention. The Highway Authority has;

- Limited influence over how the work is executed (Section 59 of NRSWA State places on the Highway Authority a “general duty” to use “best endeavours” effectively to co-ordinate works.
- No mechanism to charge for processing notices.

Therefore, the provisions of NRSWA alone are largely reactive and inadequate to meet the duty of Highway Authorities to co-ordinate work on its highway.

The powers for a highway authority to operate a Permit Scheme came into force in April 2008 via the Traffic Management Act 2004 (TMA) and the Traffic Management Permit Scheme (England) Regulations 2007, which altered the relationship between the utility companies and the highway authority.

The fundamental difference between a Permit Scheme and a Noticing system is that the former enables the Highway Authority to proactively manage and to co-ordinate all activities on its roads whether they are utility or Highway Authority related.

Aim of the Scheme

The aims of the Permit Scheme have been shaped by both the aims of the Local Transport Plan 3 for County Durham and the objectives of our Highway Maintenance Plan.

The aims of the Local Transport Plan 3 for County Durham are:

- Support economic growth
- Reduce carbon emissions
- Promote equality of opportunity
- Contribute to better safety, security and health
- Improve quality of life and a healthy natural environment
- Maintenance of the Transport Asset

The primary objectives of the Highways Maintenance Plan are to:

- Achieve a safe, serviceable and sustainable highway network.

The overarching aim of the Permit Scheme can be summarised as the ability to manage and maintain the local highway network to maximize the safe and efficient use of road space and provide reliable journey times. Achieving this aim will contribute to the efforts of the Council to meet its statutory Network Management Duty under the TMA.

The specific objectives of the Permit Scheme are;

- Reduce both the number highways works and their duration through proactive management of activities on the highway to minimise disruption to the travelling public
- Ensure accurate information is available to the public through improved quality and timeliness of information received from all works promoters
- Encourage proactive and collaborative planning and working between all works promoters
- Ensure all works promoters are treated fairly and with parity

Permit Scheme Criteria

Under a Permit Scheme all works promoters must apply for a permit to open the highway, and the Permit Authority, on considering the application, may request certain conditions are applied to the permit. This will enable the Permit Authority to coordinate road works so that disruption and congestion

are minimised.

This increased coordination is not intended to prevent activities necessary for the maintenance or improvement of the road network or utilities apparatus; its purpose is to minimise disruption whilst allowing works promoters the time and space they need to complete their work in a timely, efficient and effective manner.

Upon implementation of a Permit Scheme, it will be a civil offence for any organisation wishing to occupy the highway to undertake registerable works without a permit, or to breach a permit condition. Permits may be regulated by prosecuting offenders through the civil courts or through the issuing of a Fixed Penalty Notice (FPN).

The Durham County Council Permit Scheme has been prepared with regard to the statutory guidance issued by the DfT and in accordance with current Regulations. It has been developed as a single scheme.

To deliver the proposed Permit Scheme the following documents will be submitted to the DfT:

1. A Business Case signed on behalf of Durham County Council;
2. A Cost Benefit Analysis ("CoBA") to identify the Cost Benefit Ratio of implementing the new regime
3. A scheme document detailing how the scheme will operate and specifying the schemes compliance with the relevant legislation, regulations and statutory guidance.

Permit Scheme Coverage Options

The Department for Transport (DfT) has provided statutory guidance to Local Highway Authorities to determine their chosen Permit Scheme and in particular how that Authority can decide the coverage of such a scheme. The

Council's Permit Scheme will require permits for all adopted highways, including minor roads, with each permit application scrutinised individually.

The Business Case

The Business Case sets out the financial considerations relating to Durham County Council as a single scheme.

Having introduced the principles of the Permit Scheme, this business case presents the costs v benefits and other financial impacts on Durham County Council. It also considers the potential risks to the Council in implementing the scheme. There must be demonstrable benefits and value for money as well as the scheme being cost neutral i.e. utility fee equals Council expenditure on dealing with utility permits.

Balance of Costs and Benefits

The TMA imposes a number of duties and powers for local authorities, all linked to the better management of their road network with the aim of reducing congestion and disruption.

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 to the community of permit schemes are primarily 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. Thus, the main beneficiary is society as a whole 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 Durham County Council as the checking of permit applications can be reduced to those checks required to concentrate on coordination and the minimising of disruption.
- permit applications more accurately reflecting the works being carried out, again, enable Durham County 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 that will be necessary within both the private sector and the local authority to meet permit requirements provides an opportunity to improve overall the whole approach to working on the highway. Consequently, this gives the opportunity to move forward in providing accurate and positive information to all highway users (i.e. customers), thus reducing the negative reputational views sometimes expressed.

Permit schemes also offer the possibility of a less fragmented way of administering works 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.

In modelling costs and benefits it has been assumed that reduced road work activity is reflected in reduced numbers of permits against the opening baseline level; meanwhile the societal costs associated with road works reduce by the same proportion. For example, if the Permit Scheme brings about a 5%¹ reduction in permit numbers this is manifested in a 5% reduction in road work activity and road work-related costs to across County Durham.

For illustration, in 2018, the total costs of congestion across the whole of U.K. was estimated to be approximately £8 billion with on average, road users suffering delays on the highway of 178 hours costing £1,317 per driver.

On balance, the benefits the Permit Scheme could deliver outweigh the additional costs which the scheme will impose on both utilities and Durham

County Councils own highway operation.

Any activity carried out in the street has the potential to cause disruption depending upon its duration, 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 for works activities helps reduce congestion and maximises the use of the existing network, improving reliability and making journey times more predictable with less delay. This makes journeys easier to plan and reduces the amount of delay to the highway user.
- Business can operate more efficiently through the quicker and more reliable delivery of goods, services and access to customers.
- 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 more satisfied with the Council's management of the road network.

If approved and introduced Durham County Council will evaluate the permit scheme after the first year of its operation to ensure that the right balance has been struck between costs and benefits, and to see whether the operation of the scheme requires amendment.

Risks

To implement a Permit Scheme changes are required in current processes, systems and staffing levels. Durham County Council must be in a position to adapt and implement these prior to the go-live date.

If Durham County Council is not prepared for the introduction of the scheme the following risks may apply: -

- reputational damage within the local, central government and the region
- financial risk – the income is not generated to cover costs
- Durham County Council as a works promoter is not ready which will create issues regarding achieving parity
- late invoice payments therefore delaying income into the authority
- DfT intervention and possible external control.

The primary financial risk is that the authority having incurred implementation and operational costs is unable to generate enough income to off-set these costs. This risk is manageable because;

- Utility companies already pay Highway Authorities for a range of road work related services such as inspections, fines and core sampling, as well as paying Fixed Penalty Notices: The Permit Scheme will therefore represent an extension to existing arrangements.
- There is no evidence of well operated Permit Schemes have encountered financial difficulties.
- English utilities typically carry a low credit risk. Furthermore, permit fees and debtor balances will be comprised of numerous invoices of small value, rather than large contract-type invoices.
- Fees can be increased or decreased giving full reconsideration of the cost and benefits identified during each annual review of the Permit Scheme.

Against these risks is the potential high-level reward;

- The Permit Scheme fits well with the remit of improving and contributing to the Council's statutory function of providing an efficient and well-maintained highway network and ensuring the expeditious movement of traffic.

Section 2 – Cost Benefit Analysis

The DfT Local Authority Permit Calculator

The DfT Local Authority Permit Calculator has been used to assess the cost and benefits of Durham County Council introducing a Permit Scheme.

Having input the required data the calculator makes suggestive estimates of how the Permit Scheme will impact Durham County Council.

Inputs

The following data was input into the DfT Local Authority Permit Calculator. The input data was extracted from the Council's current 'Symology' street works notice processing system for the financial year 2017/18 (the most current complete year at the time of extracting the data).

The data headings used have the following meaning -

- Works undertaken by Statutory Undertakers (Utility Companies)
 - Works undertaken by Local Authority (Durham County Council).
 - Works type –
1. **Major** - have been identified in an undertaker's annual operating programme or, are normally planned or known about at least six months in advance of the proposed start date; require a temporary traffic regulation order or have a planned duration of 11 days or more
 2. **Standard** - works other than immediate or major works, with a planned duration of between four and ten days inclusive.
 3. **Minor** – works other than immediate or major works, with a planned duration of three days or less.
 4. **Immediate** - emergency works required to end, or prevent, circumstances, either existing or imminent, that might cause damage to people or property.
 5. **Urgent** - works required (i) to prevent, or put an end to, an unplanned interruption of any supply or service provided by the undertaker; (ii) to avoid substantial loss to the undertaker in relation to an existing service; or (iii) to reconnect supplies or services where the undertaker would be under a civil or criminal liability, if the reconnection is delayed until after the appropriate notice period.

Total number of street works – 2017/18

The number of street works that took place during 2017/18 in County Durham was -

Current number of street works per year

	Statutory Undertaker	Local Authority
Major	725	124
Standard	3,135	1,981
Minor	2,765	624
Immediate	4,622	2,233

Source: Data extracted from DCC 'Symology' street works notice processing system

The total number of days taken to complete works during 2017/18 in County Durham was -

Current number of work days per year

	Statutory Undertaker	Local Authority
Major	13,585	3,427
Standard	11,920	5,061
Minor	5,907	1,057
Immediate	17,656	8,896

Source: Data extracted from DCC 'Symology' street works notice processing system

Major Works

The proportion of major works completed by each time period during 2017/18 was –

Proportion of major works completed by the number of days:

		Number of works:
Major works - over 10 days or traffic regulation order required	76%	645
Major works - 4 to 10 days and no traffic regulation order required	15%	127
Major works - up to 3 days and no traffic regulation order required	9%	76
Total:	100%	849

Source: Data extracted from DCC 'Symology' street works notice processing system

0-2 category roads

Road category is an indication of the traffic importance of the street – 0 being the highest, 4 the lowest. Information about determining a road's category can be found in the Specification for the Reinstatement of Openings in Highways. The percentage of all works that were completed on 0-2 category roads during 2017/18 was -

Percentage of works completed on 0-2 category roads

	Statutory Undertaker	Local Authority
Major	14.80%	9.60%
Standard	10.00%	5.00%
Minor	20.25%	9.90%
Immediate	9.50%	11.60%

Source: Data extracted from DCC 'Symology' street works notice processing system

Permit Fee Structure

The maximum permit fee structure is sourced from the Statutory Guidance for Highway Authority Permit Schemes 2015. This fee structure is arranged to reflect the greater work involved in handling larger activities and busier roads. The maximum fee structure is shown below.

Maximum Permit Fee Structure		
	Road Category 0-2 or traffic sensitive road	Road Category 3-4 or non traffic sensitive road
Major works - over 10 days or traffic regulation order required	£240	£150
Major works - 4 to 10 days and no traffic regulation order required	£130	£75
Major works - up to 3 days and no traffic regulation order required	£65	£45
Standard works	£130	£75
Minor works	£65	£45
Immediate works	£60	£40

Source: Statutory Guidance for Highway Authority Permit Schemes 2015

The DfT encourages local authorities to use the maximum permit fee structure. However, in this instance it is proposed that Durham County Council use a slightly lower than maximum fee to ensure the Permit Scheme demonstrates an overall positive Net Present Value.

Custom Permit Fee Structure		
	Road Category 0-2 or Traffic-sensitive	Road Category 3-4 and non traffic sensitive
Major works - over 10 days or traffic regulation order required	£196	£140
Major works - 4 to 10 days and no traffic regulation order required	£130	£74
Major works - up to 3 days and no traffic regulation order required	£65	£44
Standard works	£130	£74
Minor works	£65	£44
Immediate works	£60	£39

Source: DfT Local Authority Permit Calculator

An evaluation of the permit fee structure will be undertaken annually during the first three years. The evaluation process will include updating the fee structure in light of any identified financial surplus or deficits as well as costs and benefits of operating the Permit Scheme.

Outputs

The outputs of the DfT Local Authority Permit Calculator are subject to a number of assumptions. The assumptions are made to enable analysis in the absence of data and in the interests of proportionality. This means that the outputs of the calculator are suggestive estimates only and should not be construed as decisive statements about the performance of the Council's Permit Scheme.

Impact on number of works

The number of works that take place in the local authority will not change. The permit fee scheme will only impact the time taken to complete these works. The total duration of all works is measured in work days and is shown below.

Total number of works	16,209
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Source: Data extracted from DCC 'Symology' street works notice processing system

Impact on the number of workdays (total duration of works)

The Evaluation of Street Works Permit Schemes 2017 produced by Ecorys and Open Road Associates on behalf of the DfT estimates the impact of introducing a permit scheme. The analysis shows that most types of works subject to permit schemes were, on average, completed in a shorter time than works subject to noticing. This is shown detailed in the table below.

Default behavioural change		
	Statutory Undertaker	Local Authority
Major	-13.9%	-6.5%
Standard	-1.6%	-7.7%
Minor	8.1%	-8.9%
Immediate	3.0%	0.0%

Source: The Evaluation of Street Works Permit Schemes 2017 produced by Ecorys and Open Road Associates on behalf of the DfT

The greatest average reduction in works duration relates to major works completed by Statutory Undertakers. By their nature, major works have longer timeframes so provide more potential for durations to be decreased. As the permit scheme will also allow more extensive planning and discussions between highway authorities and

statutory undertakes this may result in requests for major works to be completed in a shorter timeframe.

Using this data and Durham County Councils own input data, the DfT Local Authority Permit Calculator has estimated the expected behavioural change may lead to a decrease of 1,777 work days

Total current number of work days	67,509
Expected number of work days due to permit scheme	65,732
Expected change in work days	-1,777

Source: DfT Local Authority Permit Calculator

A breakdown of the change in the duration of works, measured in work days, is shown in the table below.

Breakdown of the impact on the number work days

	Statutory undertaker (Utility company)	Local Authority	Total
Major	-1,888	-223	-2,111
Standard	-191	-390	-580
Minor	478	-94	384
Immediate	530	0	530
Total	-1,071	-707	-1,777

Source: DfT Local Authority Permit Calculator

Impact on the costs of congestion to road users

The costs of congestion are sourced from The Evaluation of Street Works Permit Schemes 2017 produced by Ecorys and Open Road Associates on behalf of DfT.

This is shown in the table below:

Estimation of the impact of permit schemes²

Type of road	Impact*/day (2010 prices)	Impact*/day (2018 prices)
Highways		
Major	£1,335.78	£1,521.21
Standard	£408.49	£465.19
Minor	£329.21	£374.91
Immediate	£224.59	£255.77
Statutory undertaker		
Major	£403.13	£459.09
Standard	£165.30	£188.25
Minor	£102.52	£116.75
Immediate	£150.77	£171.70

Source: *The Evaluation of Street Works Permit Schemes 2017 produced by Ecorys and Open Road Associates on behalf of the DfT*

The DfT QUADRO (Queues and Delays at Roadworks) modelling software was used to estimate the congestion impact costs to consumers and business. The model monetises the impact of congestion and delays due to road works. The societal impact cost consists of time delays, increased vehicle operating costs, the cost of an increase in accidents, fuel carbon emission costs and indirect tax revenue resulting from increased fuel consumption. This is reported as the impact per day by each type of work and works promoter.

Using this data and Durham County Council's own input data, the DfT Local Authority Permit Calculator has estimated the expected reduction in the duration of works will decrease the costs of congestion by £1,311,413 per year.

Benefits to road users from the decrease in congestion costs	£1,311,413
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Source: *DfT Local Authority Permit Calculator*

Breakdown of the benefits to road users from the decrease in congestion costs:

Business	
Journey Time Savings & Reliability	£658,695
Non-business	
Journey Time Savings & Reliability	£578,683
Accident	£11,479
Fuel carbon	£62,556

Source: *DfT Local Authority Permit Calculator*

Cost to the local authority to set up and operate the permit scheme

Durham County Council will incur annual operational costs. These costs will occur as permits are provided for works undertaken by both statutory undertakers and local authority works promoters.

Set-up costs

Set-up costs include legal fees, consultant costs, and costs to apply for a Permit Scheme. However it should be noted that these cannot be recouped from permit fees. Information on costs can be found in the DfT Statutory Guidance 2015 document. The set-up cost for the Council's scheme is anticipated to be in the region of £70,000.

Local Authority operational costs (per year)

The administration costs to review applications and issue permits to Durham County Council's own works promoters. These costs are non-recoverable. The anticipated cost is expected to be £306,905 per year.

The operational costs of the permit scheme including the administration costs to review applications, issue permits and review receipt of permit fees from Statutory Undertakers. This cost is recoverable, so should equal the permit fees paid by statutory undertakers. The anticipated cost is £707,175 per year.

Local Authority works promoter's costs

This is the cost to Durham County Council's works promoters to apply for a works permit. Durham County Councils works promoters will apply for a work permit but will not pay a permit fee. The anticipated cost is £61,381 per year.

Set-up cost	£70,000
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Operational costs (per year)		£1,075,461
LA costs:		
	Costs to review and issue permits to LA works promoters	£306,905
	Costs to review, issue permits and receive permit fees from statutory undertakers	£707,175
LA works promoter costs:		
	Costs to apply for a permit (administration costs)	£61,381

First year cost to the local authority	£1,145,461
Subsequent annual cost to the local authority (second year onwards)	£1,075,461

Source: DfT Local Authority Permit Calculator

Cost to statutory undertakers

Statutory undertakers will apply for a work permit and pay a permit fee. In addition they will incur their own administration costs for applying for a permit. The anticipated costs are detailed in the table below.

Permit fee costs (per year)	£707,175
Administration costs (per year)	£141,435

Source: DfT Local Authority Permit Calculator

Annual revenue to the local authority

Only Statutory Undertakers are required to pay a permit fee. Fees from a Permit scheme will be used to recover the operational costs related to the additional work undertaken by Durham County Council on permit applications from Statutory Undertakers. The anticipated annual revenue from the permit scheme is £707,175.

Annual revenue from the permit scheme	£707,175
Annual revenue from local authority works promoters permit fees	£0
Annual revenue from statutory undertakers permit fees	£707,175

Source: DfT Local Authority Permit Calculator

Conclusion

Using this data and Durham County Councils own input data, the DfT Local Authority Permit Calculator has appraised the costs and benefits of the permit scheme over a

10-year period. The net present value is the difference between the present value costs and the present value benefits over the chosen period. The figure is £743,570. This demonstrates that the Durham County Council Permit Scheme is predicted to be both value for money and a benefit to County Durham.

Net Present Value	£743,570
Net Present Costs	£16,631,801
Net Present Benefits	£17,375,372

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