**Title:**  
THE STRATEGIC ROAD NETWORK: AND THE DELIVERY OF SUSTAINABLE DEVELOPMENT  
**IA No:** DFT00287  
**Lead department or agency:** Department for Transport  
**Other departments or agencies:** Highways Agency

### Summary: Intervention and Options

**Impact Assessment (IA)**  
**Date:** 16/05/2014  
**Stage:** Final  
**Source of intervention:** Domestic  
**Type of measure:** Other  
**Contact for enquiries:** ian.askew@highways.gsi.gov.uk

<table>
<thead>
<tr>
<th>Cost of Preferred (or more likely) Option</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Net Present Value</strong></td>
</tr>
<tr>
<td>£32.59m</td>
</tr>
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</table>

**What is the problem under consideration? Why is government intervention necessary?**  
Transport plays an important role in enabling economic activity. It is important that developers and responsible Authorities have clear guidance on how development proposals will be assessed in terms of the impact on the strategic road network. Current policy must be updated to reflect the changes to the legislative, regulatory and institutional framework of the planning system brought about by the Localism Act 2011 and the National Planning Policy Framework (NPPF), and to emphasise the Highways Agency's role and responsibilities in being an effective delivery partner to and enabler of economic growth.

**What are the policy objectives and the intended effects?**  
The policy seeks to give clear, consolidated and streamlined guidance on the role of the strategic road network in enabling growth while avoiding any additional regulation, where possible removing the duplication of policy to be found elsewhere, promoting development and economic growth, and devolving decisions for determination at the local level wherever appropriate. Wherever possible to do so regulation has been removed and devolved to a local level where decisions can be made based on local needs and circumstances, in the main through the planning system. Only essential regulation that secures the integrity of the strategic road network as a national asset is retained.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**  
The existing Circulars have to be replaced to remove unnecessary regulation and to ensure that ipolicy for the SRN is fully compatible with the National Planning Policy Framework.  
A policy statement in the form of a formal Circular is required to give certainty to Local Planning Authorities when working with the Highways Agency on the development of their Local Plans, and in assisting neighbourhoods and communities develop their own plans. A 'Guidance' option was rejected for these reasons. Where it has been possible to relax or remove restrictive regulation and devolve decisions to local decision makers based on evidence of local conditions and need, this has been done. Only minimum regulation has been retained to ensure that the strategic road network can remain safe, effective and reliable as an economic enabler.

**Will the policy be reviewed?** It will be reviewed. If applicable, set review date: 09/2023

**Does implementation go beyond minimum EU requirements?** N/A  
<table>
<thead>
<tr>
<th>Are any of these organisations in scope? If Micros not exemplified set out reason in Evidence Base</th>
<th>Micro</th>
<th>£&lt; 20</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td></td>
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</table>

**What is the CO₂ equivalent change in greenhouse gas emissions?**  
(Million tonnes CO₂ equivalent)

Traded: n/a  
Non-traded: n/a

*I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.*

Signed by the responsible Minister:  
Date:
Summary: Analysis & Evidence

Policy Option 1

Description: Replacement Transport Policy

FULL ECONOMIC ASSESSMENT

<table>
<thead>
<tr>
<th>Price Base Year</th>
<th>PV Base Year</th>
<th>Time Period Years</th>
<th>Net Benefit (Present Value (PV)) (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2013</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Low:</td>
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<td></td>
<td></td>
<td></td>
<td>High:</td>
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<tr>
<td></td>
<td></td>
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<td>Best Estimate: 32.59</td>
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</table>

**COSTS (£m)**

<table>
<thead>
<tr>
<th></th>
<th>Total Transition (Constant Price)</th>
<th>Average Annual (excl. Transition) (Constant Price)</th>
<th>Total Cost (Present Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best Estimate</td>
<td>0.1</td>
<td>0</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Description and scale of key monetised costs by 'main affected groups'

The circular imposes no direct cost burdens on any organisation. Transition costs are all related to familiarisation costs. There will be one-off transitional costs incurred by Applicants, and Town Planners in both public and private sector. Planning proposals affecting the strategic road network and on which the Highways Agency is consulted amount to less than 1% of the total planning applications submitted in any one year and therefore represents a small element of the policy knowledge base.

**OTHER key non-monetised costs by 'main affected groups'

There are no further significant costs.

**BENEFITS (£m)**

<table>
<thead>
<tr>
<th></th>
<th>Total Transition (Constant Price)</th>
<th>Average Annual (excl. Transition) (Constant Price)</th>
<th>Total Benefit (Present Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
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<tr>
<td>High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best Estimate</td>
<td>0</td>
<td>5.8</td>
<td>32.48</td>
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</tbody>
</table>

Description and scale of key monetised benefits by 'main affected groups'

Key benefits that can be monetised concern the removal of background traffic growth mitigation requirements. The estimate of £3.7m p/a savings to business through lower mitigation is a best estimate, although we consider it to be conservative.

**OTHER key non-monetised benefits by 'main affected groups'

The main non-monetised benefits arise through the removal of burden and obligation in policy that will allow developers and roadside facilities operators more scope to identify growth opportunities, in part by the removal of restrictions and in part by removing cost incurring obligations that will therefore make proposals more viable.

Key assumptions/sensitivities/risks

Discount rate (%) n/a

**BUSINESS ASSESSMENT (Option 1)**

<table>
<thead>
<tr>
<th>Direct impact on business (Equivalent Annual) (£m):</th>
<th>In scope of OITO?</th>
<th>Measure qualifies as</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs: 0.1</td>
<td>Yes</td>
<td>OUT</td>
</tr>
<tr>
<td>Benefits: 5.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net: 5.7</td>
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Executive Summary

The new policy circular as a whole presents several policy elements within a single strategic document. Any of these elements could be implemented alone or in any combination of other policy elements proposed. They have been considered as a whole as a single strategic document and the new circular is considered as a single option and assessed as a total package representing Option 1 'Do Something' against the 'Do nothing' option of retaining the current document. The individual elements are -

Policy Element 1 - Road Capacity and developer mitigation of impact

Policy Element 2 - Creation of new accesses to Motorways and routes of near motorway standard

Policy Element 3 - Setback of wind turbines from the highway

Policy Element 4 - Spacing of roadside facilities

Policy Element 5 - Minimum requirements for roadside facilities to be eligible for signing

Policy Element 6 - Removal of maximum allowable retail floor space at roadside facilities eligible for signing

The breakdown below gives further information on each policy element and provides background and an overview of the issues arising and assessment relating to each. Further background decision making can be found in the public consultation response document at https://www.gov.uk/government/consultations/consultation-on-the-strategic-road-network-and-the-delivery-of-sustainable-development

Evidence Base (for summary sheets)

Problem under consideration

The Strategic Road Network and the Delivery of Sustainable Development is required as a consequence of changes to the planning system brought about by the Localism Act 2011 and the National Planning Policy Framework (NPPF), which provides the Highways Agency with a new remit to promote sustainable development. The existing Circulars need to be replaced as elements of their content include unnecessary regulation, which is contrary to the principles of Better Regulation and to the principles of NPPF and Localism. By replacing the two existing planning circulars with one, the measure focuses on the role of the strategic road network in enabling and supporting development and growth, seeks to create the conditions in which the barriers to opportunity are removed and will give certainty to Local Planning Authorities when working on the development of their Local Plans.

Policy review

Previous policy was contained in two circulars – Circular 02/2007 ‘Planning and the Strategic Road Network’, and DfT Circular 01/2008 ‘Policy on Service Areas and other Roadside Facilities
on Motorways and All-purpose Trunk Roads in England’. The revised policy reflects the white paper and other changes introduced under the coalition government, and streamlines but does not change the core current policy approach which largely provides guidance on the implementation of those wider principles when applied to the strategic road network. There are a small number of individual policy elements contained only in the previous and current circulars. In these areas where possible regulation has been removed and/or devolved, and the remaining changes are to reflect the wider policy, legislative and institutional background introduced under the current Government. The Localism Act 2011 removed regional strategies and regional planning bodies and introduced the potential for business and community led sub-district level planning; it extended the duty to cooperate to all stages of the planning process; and amended the institutions and processes involved in determining applications for major infrastructure. Much of the revised policy is about reflecting and engaging with these changes and is not about introducing policy in itself.

Background

The previous circulars have been replaced by new policy setting out how the Agency will balance delivery of its objectives of managing and maintaining a safe and efficient strategic road network with that of and being a delivery partner to, and enabler of economic growth.

Rationale for intervention

The strategic road network is a nationally strategic asset which performs a key role in supporting the sustainability of the UK economy. The Highways Agency is a statutory consultee on planning applications that may impact on the strategic road network, and a named consultee to the local planning process. The Highways Agency is also a statutory consultee to applications for development consent for nationally significant infrastructure projects. It identifies and promotes highway improvement schemes that help support economic growth.

Further, as a Government Agency and named statutory consultee, the Agency has a Business Plan remit to act as a partner in delivering sustainable economic growth.

The previous DfT Circular setting out planning policy in relation to the strategic road network, and a separate Circular covering roadside facilities policy have been reviewed to reflect the evolution of the planning system.

Both Circulars have been reviewed with the aim of producing new policy avoiding any additional regulation, removing the duplication of policy to be found elsewhere, promoting development and economic growth, and devolving decisions for determination at the local level wherever appropriate. In the light of the Localism Act 2011, there is also a need to eliminate references to regional planning and to set out the Agency’s responsibilities in relation to neighbourhood planning and the Local Enterprise Partnerships.

One in Two Out (OITO)

The policy as a whole has been assessed by the Reducing Regulation Committee as being low impact and within the scope of OITO guidelines. The policy imposes no new regulation or burden on business as its requirements only come into consideration should business choose to develop in certain ways. The policy has relaxed potential obligations and removed a number of others compared with previous policy positions. This has the effect that where business activity does come within the scope of the new policy, potential obligations have been minimised in as far as is possible while retaining the safety and operational integrity of the strategic road network.
Small and Micro Business Assessment

In keeping with the wider impacts of the policy, there are no direct impacts or burdens on Micro and small businesses as a result of the adoption this policy. Due to the nature of the policy elements it is unlikely that Elements 1-4 will affect micro and SME businesses as the impacts of development of such a business is unlikely to be of sufficient scale. There may be limited benefits to micro and SME businesses as a result of policy elements 5-6 although it is not possible to quantify these. The possible benefits have been discussed within the explanation of the appropriate policy element below.

Policy Element 1
Road Capacity and developer mitigation of impact
Policy has been revised to reduce the burden on developers of mitigating the impacts of traffic generation on the strategic road network. Under circular 02/07 developers were required to mitigate traffic generation impacts of their development where existing capacity was exceeded to ensure all generated and background growth traffic could be accommodated to at least 10 years after the registration of the planning application. This has been revised to a requirement that all development generated traffic and background growth can be accommodated at the date of opening of the development.

This will have the effect of removing the burden of mitigating the majority of background growth from developers, serving to ensure only that the network can accommodate traffic when the development opens. It will also incentivises the delivery of development by ensuring that where development comes forward soon after receiving consent there is a significant reduction in the obligations on developers to provide capacity or demand management measures.

Description of options considered (including do nothing)
Do nothing – this would perpetuate a situation where developers were required to mitigate traffic growth that was not associated with the impact of their proposals on the strategic road network.

Increase the mitigation horizon – Government rules have historically required mitigation to 60 years after the development took place. This requirement was removed from transport policy following the cancellation or circular 04/01 and introduction of circular 02/07.

Reduce obligations – removing obligations to the time of application could lead to a situation where development would open and have an immediate effect on at or over capacity roads. There was felt to be no logical case to reduce obligations to any point between opening point and the previous 10 year requirement. To mitigate to the time of opening of a development is the best way of reducing burden on developers while ensuring where necessary that capacity or other measures were in place that meant that the strategic road network continued to operate safely and efficiently. The responsibility for other traffic growth as a result of factors not impacted by the development will transfer to the Government.

Monetised and non-monetised costs and benefits of each option (including administrative burden)
The key benefit will be the reduction in obligation on developers to mitigate traffic impacts associated with development. That will include some developers who will no longer be expected to mitigate impact at all where capacity exists, and other cases where the need to mitigate for future background growth is no longer required — the network must now also be able to accommodate all traffic on the opening of the development rather than a full 10 years after applying for planning consent.

To fully and accurately assess these benefits would require a full reassessment of a large number of planning applications (in the order of 000s), applying current requirements to transport assessment and if required, mitigation design and build costs. The cost and time involved in undertaking such an exercise is prohibitive and inappropriate. For that reason those developments that will be taken out of mitigation altogether have not been included in the assessment.

In order to estimate benefits, 35 months (April 10 – February 13, all that is currently available) of aggregated data for total section 278 receipts have been averaged to give an estimate of monthly expenditure. This gave a figure for total receipts over those 35 months as £204.3m, or £70m p/a. This has been projected over 5 years to cover the longest likely period before review of the policy. A best estimate, although one that for reasons outlined is likely to be highly conservative, is that 10% of those receipts - £7m - will no longer form part of future obligations.

This provides us with an NPV of £32.59m savings, with an estimated saving to business of £5.8m p/a.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

The initial impact analysis has been agreed as a light touch measure with minimum impacts on business. This is as agreed prior to public consultation through the committee approval process. Assessment of existing developer obligations under current section 278 agreements gives a snapshot of current private funding of works to the strategic road network. This has been used to give a broad assessment of likely benefits to developers. Given the level of current funding, at the extreme complexity that would be involved in providing a detailed analysis — requiring an assessment of each contribution retrospectively on an case by case basis) and the agreed low impact of the policy measure, it would not be appropriate to undertake any further detailed analysis at implementation stage.

Risks and assumptions

Risk associated with this policy is in the transfer of burden of providing a portion of road network capacity from developers to the state. In terms of overall budget this is not likely to be significant as indicated by the existing data on section 278 works. There may be some small benefit in there being less uncertainty about the timing of development delivery that allows better forward planning to ensure potential future capacity issues can be better planned by being integrated into the forward programme of the responsible road authority.

Direct costs and benefits to business calculations (following OITO methodology)

The policy itself does not impose any direct costs on business as it is dependent on future activity. It does not impose any direct regulation on business or directly regulate the activity of business. Where a development proposal is considered in light of this policy, it serves to reduce costs of making a development acceptable, where the nature of the proposal means that it has an impact on the strategic road network that might otherwise be unacceptable.
Wider impacts

The proposal is not regulatory or burdensome. Rather it transfers burden of provision of road capacity from developers to state in certain particular circumstances. Any impact relies on action being taken by business to initiate development. That burden is reduced evenly, although it may in practice mean those making smaller impacts, through smaller development scale and therefore likely to be smaller business, out of mitigation provision altogether in some cases. Overall the benefit in reduced development costs should apply proportionally to all development, may help to make smaller developments more attractive, and could mean at the margins that some otherwise unviable development may become viable.

Summary and preferred option with description of implementation plan.

The option chosen, consulted on and adopted is to reduce mitigation obligations such that they are required only to ensure that the road network can accommodate development traffic at the time of opening. The policy came into effect on the publication of the new circular 02/13. Requirements have been communicated to all staff and consultants, as well as to developers through stakeholder engagement initiatives following the adoption of the policy.

Policy Element 2
Creation of new accesses to Motorways and routes of near motorway standard

For some time policy has restricted access to motorway other significant routes to certain limited development types (service areas, maintenance depots and, exceptionally, major transport interchanges). In order to facilitate growth, in particular strategic major development, the policy will be relaxed such that accesses needed to deliver major development can be identified and agreed in the process of developing Local Plans.

Description of options considered (including do nothing)

Do nothing - While the long standing policy has not entirely restricted new access or junctions, it has meant that in many cases development may not have come forward in the most efficient and effective manner, or at all, because of the restriction. Where there have been exceptions they have been long and drawn out processes often resisted on policy grounds at least initially, have required ministerial agreement and often resulted in delay to programme progression and therefore delivery of growth focussed development. In other cases resource has been expended by all parties in developing proposals that were then rejected on policy grounds.

In a do nothing situation the status quo is retained, growth may be stifled due to the policy restriction and uncertainty will as to likely acceptability of agreeing a policy departure would be case specific and unpredictable, and subject to political influence which may change from case to case or over time.

Option adopted – the ability to secure new access through the planning process ensures that any such proposal is subject to proper and open scrutiny, is evidence based and will be embedded in an understanding of current and future infrastructure requirements.
Monetised and non-monetised costs and benefits of each option (including administrative burden)

It is not possible to give an assessment of monetised benefits as this will depend on proposals that emerge as a result of the policy relaxation.

It is expect that there will be benefit in the creation of certainty of delivery of local plans by including major infrastructure provision as part of local plan delivery, and will avoid abortive costs and time delay where proposals come forward outside of the plan making process. These late proposals require often lengthy negotiation and assessment, with associated delivery pressures and short timescales for decision making that due to being against policy principle have considerably less certainty of deliverability and viability.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

The proposal removes a restriction in principle to new accesses and junctions to motorways and routes of near motorway standard. It does not impose or remove any burden on development but does open up opportunities. These will depend on the future actions of developers and planning authorities and other stakeholders which due to the nature of the relaxation are likely to take time to emerge. The proposal was broadly welcomed during public consultation but no financial information was provided by respondents whatever their view. It would be a complex task, if even possible, to estimate based on previous development what any savings may be, and given that the policy change is likely to lead to behavioural change there would not be an easily readable correlation between behaviour under previous and new policy.

Risks and assumptions

During consultation some concerns were expressed that such a relaxation could lead to a proliferation of junctions, ribbon development and have negative environmental consequences.

Any proposals for a new junction will be considered based on evidence of need in order to deliver strategic growth. Wider planning principles will remain to that sustainable locations, social and environmental considerations, deliverability and other criteria remain a part of the wider process for assessment of development proposals. Even where in principle there is agreement of the acceptability of new access proposals there is no guarantee that they can and will be delivered. Continued safe and efficient operation will remain the prime objective when considering new access proposals and where there is a severe impact the proposals would not be agreeable at Local Plan development stage.

Direct costs and benefits to business calculations (following OITO methodology)

As the policy relaxation removes a restriction it does not impose any direct costs on business or any other stakeholder in delivering growth. It will create the potential for costs savings where previously only alternatives that were costly financially, socially and environmentally would have been available. There will also be some benefit in reducing the potential for abortive costs where scheme developers have assumed a new access that was not deliverable.

Wider impacts

The scale of development likely to meet the criteria for new major junctions to be considered means that this option is only likely to be of benefit to large development. During the public consultation there were concerns that there could be negative social and environmental consequences associated with this more permissive approach. However, as such proposals will
need to be properly scrutinised through the plan making and development process this will ensure that a new junction is demonstrably the most appropriate way to deliver major strategic growth. All social and environmental impacts would be evidenced against alternatives, assessed and if appropriate and possible mitigated on a case by case basis.

Summary and preferred option with description of implementation plan.
Based on principles of removing barriers to development, and objections to the principle during consultation which we believe are addressed by understanding the wider planning process the policy has been adopted as consulted on.

Policy Element 3

Setback of wind turbines from the highway
This policy is a formalisation of the position taken through Highways Agency guidance since 2006 and has become largely accepted by Local Authorities and developers. It seeks to ensure the safety and ongoing efficient operation of the SRN while giving Developers certainty about the nature of proposals that will be acceptable in road safety terms.

Description of options considered (including do nothing)
Do nothing – as the informal policy position has been in place for some years, the advice could have been retained in separate guidance. However, the benefit in having as much SRN related planning advice in a single document is in keeping with the current Government’s position to simplify and consolidate guidance where possible.

Reduce/remove setback requirements – The UK position in wind turbine setback in relation to strategic roads is one of the most liberal and development friendly standards to be found internationally. To reduce setback would increase risk to the continued safe and efficient operation of the strategic road network. While that risk may be small, the current position has been shown to create a widely accepted balance between developer needs and safety considerations.

Increase setback requirements – There has been a trend for responsible authorities to increase setback requirements form highways in recent years. Evidence suggests this is often not for operational evidence based reasons. Analysis of both UK and international incidents does not show evidence for unacceptable risk associated with the current policy position.

Monetised and non-monetised costs and benefits of each option (including administrative burden)
Retaining current requirements perpetuates a long established and widely accepted policy position that has been developed with input from the industry and other interested parties.

Adoption as formal policy should give developers increased certainty over time of the fixed constraints within which they operate.
Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

No comments on the policy were received during the consultation process. This is likely due to it being widely accepted and understood through long standing guidance. The research and engagement with interested parties that led to the guidance position informed what is the pre-existing agreed position and as there is no evidence that suggests the position should be changed, no further new analysis was carried out.

Risks and assumptions

The policy particularly on set back is increasingly permissive in the international context. There may be some risk in retaining the established position, but previous analysis undertaken in developing the previous guidance does not provide evidence that there is any unacceptable risk to road users, and that there are other factors that have led to some jurisdictions increasing setback requirements.

Direct costs and benefits to business calculations (following OITO methodology)

There are no direct costs to businesses associated with the policy as it restates existing parameters within which development opportunities can be identified.

Wider impacts

The policy applies to all wind turbine development whatever the scale in terms of numbers or total investment and does not affect any business more or less than any other. It is a constraint within which business must operate in the interests of road safety rather than a burden imposed.

The position has been in place on a less formal basis for 8-9 years and therefore there is not the potential for a theoretical impact where small developers have secured small roadside plots with the intention of erecting a wind turbine only to find a new constraint that prevent that development.

There are no wider social or environmental impacts associated with this policy. National guidance contained in the Energy NPS, NPPF and others are unaffected. Indeed, where appropriate those documents refer readers to the DfT policy where the strategic road network may be impacted by the development.

Summary and preferred option with description of implementation plan.

The preferred option is to implement the proposals as contained in the consultation. Policy will take effect immediately on adoption. It does not represent change as previous guidance contained the same constraints and has been in position for several years. This is a consolidation of policy into a single document rather than new policy.
Policy Element 4

Spacing of roadside facilities

Increase the potential for competition in the roadside facilities sector by removing minimum spacing requirements between facilities (subject to Design Manual for Roads and Bridges design standards continuing to be observed).

Description of options considered (including do nothing)

Do nothing - Previous policy stated that services should be no closer than 12 miles apart on motorways, and 1 mile on non-motorway trunk roads. To retain this position would be to put a policy block on services closer together without consideration of other factors, including capacity and competition. While many factors in the planning process could influence the provision of roadside facilities, the arbitrary minimum spacing is considered to be an unnecessary additional barrier to development.

Reduce minimum spacing – during the public consultation it was suggested that minimum spacing should be retained but reduced to 10 miles between services. We felt that this did not increase the possibility of delivering more competition due to the marginal change, protected existing sites from competition for no road safety or efficiency reason. The same could be applied to any other minimum spacing requirement.

Remove minimum spacing – this was felt to be the best way of creating the most potential for increased competition and therefore choice for the motorist. Design standards as contained within the DMRB mean that no two online sites with direct access could be closer than 2km for safety and operational reasons. Further, all proposals would be assessed on a case by case basis and a further separation would be sought should operation concerns dictate.

Monetised and non-monetised costs and benefits of each option (including administrative burden)

This policy does not impose any direct costs on business. It removes a constraint on site identification. All other factors will be assessed as part of the planning process as laid out in national policy and guidance. These will be considered on a case by case basis and it is not possible to speculate on what costs and benefits may be until such a time as new proposals are brought forward. In any case, these costs and benefits will form part of the wider assessment of proposals as they emerge.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

The policy removes an artificial restriction on development opportunity. The effect that will have will depend on private sector activity seeking to benefit from the change. It is notoriously difficult to secure planning consent for motorway service areas for a number of reasons – including suitable land availability and cost, environmental and social concerns – so it is not possible to sensibly estimate what the ultimate effect of the policy will be. It is in the interests of road safety, and removes one barrier to increased competition giving further opportunity for developers to identify possible sites that would previously have been disallowed only because of proximity (subject to the remaining requirements for junction spacing in the Design Manual for Roads and Bridges).
Risks and assumptions

There may be some impact on existing roadside facilities if they are subject to competition. However, competition should be seen as desirable and in the interests of choice and driving up standards. Should a site with direct access to the strategic road network (in particular on motorways) fail as a result of competition there could be a cost transfer to the Highways Agency of closing off access. However, since the first motorway service area opened in 1964, competition has steadily increased and no site has closed.

The nature of site identification, land costs and securing planning permission means that this policy is not likely to lead to a large number of new on-line roadside facilities, but does create the conditions should an opportunity be identified. It is more likely that sites will appear at junctions where existing facilities already offer some of the facilities that signed services are required to provide.

Direct costs and benefits to business calculations (following OITO methodology)

This policy removes constraint on potential development and has no direct cost implications for business. There are no costs or burdens associated with the policy. Any effect is dependent on opportunities identified by operators and developers. Opportunities created by the policy and associated benefits around road safety, choice for motorists, competition within the sector are similarly not possible to predict. Social and environmental impacts, costs and benefits will be determined by analysis of any proposal brought forward for scrutiny under the planning system.

Wider impacts

The policy is designed to remove any artificial barriers to competition, which would then have a likely small knock-on benefit to road safety. The removal of that barrier, combined with the removal of many aspects of mandatory service and facility provision, could make it possible for smaller businesses to enter the market and provide alternatives to the current widely established model. Some concern was expressed during the public consultation that this proposal could have negative environmental impacts and lead to large out of town shopping centres, proliferation of service areas in the countryside and ribbon retail development. Removing this spacing restriction does not over ride national or local planning policies, but creates an opportunity for developers to work with local authorities and highway authorities to provide choice and competition for motorists. Any individual development remains subject to all other scrutiny requirements as before.

Summary and preferred option with description of implementation plan

The preferred option is to remove minimum spacing requirements and to allow the market and the planning system to identify new sites based on perceived need and opportunity for competition. This new policy will come into effect on the day of adoption.
Policy Element 5

Minimum requirements for roadside facilities to be eligible for signing

Description of options considered (including do nothing)

Do nothing – retaining some minimum requirements that were not essential for the safety and comfort of road users, that were based or arbitrary long standing calculations that were no longer appropriate given traffic growth and behavioural changes, or where previous obligation was necessary and now social expectation or diversity and equality legislation have taken over was no longer the correct way to regulate service areas. Many aspects were also originally in the interests of customers but now operators are far better placed to decide on provision based on modern customer needs and expectations that might influence customer choice on a site by site basis.

Remove minimum requirements where possible – roadside facilities, in particular motorway service areas, provide an essential road safety role. As such, it is essential to retain requirements related to opening hours, fuel provision, free short term parking, free use of toilets and dependent on the type of facility a minimum number of other services. As above, many requirements have now been superseded by equality and diversity legislation, or have become a part of the offer that operators make in the interests of meeting the needs of a diverse range of customers. The network of roadside facilities is now extensive and increasingly allows customers to make choices based on preference between facilities and services offered on competing sites.

Monetised and non-monetised costs and benefits of each option (including administrative burden)

This option allows developers more freedom to provide services and facilities tailored to the needs of customers on a site by site basis while retaining requirements to provide for road user comfort and safety. It therefore allows operators to provide services and facilities that meet the needs of their customers according to their own business model and to respond to demands on a site by site basis. Where operators choose not to provide some previously required service of facility, or scale down that provision, there may be benefit in being able to more appropriately direct resource and configure their space to maximise other opportunities. These benefits will be realised by operators making strategic decisions and as such it is not yet possible to predict and therefore estimate what may happen at any given site of across any operator’s estate.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

While the proposals were broadly welcomed during the public consultation, no specific evidence was provided that would allow the benefits to be quantified. To estimate benefits arising from this change would require a full audit of all current signed services and a speculative exercise to predict what may be possible within each site. Given that the matter is deregulatory with likely low impact such analysis would not be proportional to the intended effect.
Risks and assumptions
Removing requirements that are now covered by equality and diversity legislation in particular assumes that those legal protections continue. The current network of roadside facilities allows for competition between sites and this policy seeks to further enable competition. The removal of many previously required items, to be permitted should operators choose to compete on quality as well as price, assumes that the network is largely retained and that the market structure is not radically changed. Any such change is likely to take time and could require further consideration of requirements under any future policy review.

Direct costs and benefits to business calculations (following OITO methodology)
There are no direct costs to business as a consequence of this policy as it removes obligations to provide certain facilities dependent on the type of site. It therefore allows operators to provide services and facilities that meet the needs of their customers according to their own business model and to respond to demands on a site by site basis. Where operators choose not to provide some previously required service of facility, or scale down that provision, there may be benefit in being able to more appropriately direct resource and configure their space to maximise other opportunities. These benefits will be realised by operators making strategic decisions and as such it is not yet possible to predict and therefore estimate what may happen at any given site of across any operator’s estate.

Wider impacts
SMEs, particularly independents or franchises in the petrol retail and forecourt shop and the truck stop sectors may find it easier to compete with large operators due to the reduction in requirements for signing eligibility. There would be marginal benefits in terms of reducing cost barriers to entry into the market.

Summary and preferred option with description of implementation plan.
The policy will be revised to minimise mandatory provision of facilities and services so that road safety is not affected, while removing other elements and allowing operators to provide according to demand.

Policy Element 6
Removal of maximum allowable retail floor space at roadside facilities eligible for signing

Description of options considered (including do nothing)
Do nothing – retain the existing limit of 500 sqm. MSA operators have for some time sought to be allowed to increase retail space in order to meet the changing needs of customers and reflect wider societal changes. They have on occasion identified ways to circumvent the existing restriction by use of the planning use class system on existing space, retailing in walkways and aisles and other initiatives. It is accepted that retaining the current restriction prevents operators from developing their business in the way they feel responds best to customer needs.

Set an alternative higher limit – this option was considered but it was not thought to be appropriate to set a further limit and that removing restrictions was the most appropriate solution.
Remove restrictions and leave to business need and local planning – This option is best suited to meet the needs of operators in servicing the needs and wants of modern customers. During the public consultation there was concern that this option would lead to large scale out of own shopping centres. This can, and we believe already is, addressed through local retail policies, backed by national policies and in particular the NPPF statement that roadside facilities primary purpose is to serve the needs of the travelling public. For that reason site expansion would be possible but in the context of meeting the needs of the travelling public, and would be subject to normal scrutiny under local and national planning policies, on retail and in general. As such there is no reason to believe that retail at a MSA is more likely than a stand-alone retail facility, indeed the NPPF statement makes it less achievable on an inappropriate scale.

Monetised and non-monetised costs and benefits of each option (including administrative burden)

There are no costs or burdens associated with the policy. Any effect is dependent on opportunities identified by operators and developers. Opportunities created by the policy and associated benefits around road safety, choice for motorists, competition within the sector are similarly not possible to predict. Social and environmental impacts, costs and benefits will be determined by analysis of any proposal brought forward for scrutiny under the planning system.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

There has been significant change in the offer that motorway services now provide, reflecting the desire to meet the needs of the modern road user. Any effect of the policy will be determined by individual site operators taking an opportunity to meet those needs on a case by case, site by site basis. As such it is not possible to predict what additional retail may come forward as a result of the policy. No specific evidence was provided by those showing support for the proposals during the consultation, in part for commercial reasons. There is no burden associated with the relaxation, and any proposal will be subject to proper scrutiny under the planning process.

Risks and assumptions

Risks identified in the consultation process were that this could lead to inappropriate and perhaps large scale out of town retail development. We believe that the NPPF statement on roadside facilities; local retail policies, and wider and general planning policy will mean that appropriate opportunities can be taken up while preventing development that is no appropriate to the context.

Direct costs and benefits to business calculations (following OITO methodology)

The policy imposes no costs on business. Any benefits realised will be on a site by site basis subject to operators identifying opportunities and satisfying the planning system that the proposals are appropriate and policy compliant.

Wider impacts

The policy has no direct cost on business and any benefit will depend on a number of factors around business opportunity and securing necessary consents. This will happen on a case by case basis and it is not possible at this time to predict what operators and developers may choose to do.
There may be some benefit to smaller businesses in so far as the removal of retail restriction could enable large operators to allow smaller retail outlets or franchises on to site to meet more specific needs or to provide on-site or cross-site competition between established brands and newer or smaller companies. The benefit will be passed on to customers through increased choice and competition.

Any environmental or social issues would be addressed through proper scrutiny during the planning process and the principle or large retail space remains subject to all other appropriate considerations on a case by case basis.

Summary and preferred option with description of implementation plan.

The option to remove retail limits as outlined in the consultation proposal is the option to be implemented on publication of the policy and will take immediate effect.

Familiarisation Costs

There will be small one-off costs to developers, Local Authorities and Planning Consultancies in familiarising themselves with the changes brought about by the new policy as a whole. Planning proposals affecting the strategic road network and on which the Highways Agency is consulted amount to less than 1% of the total planning applications submitted in any one year and therefore represents a small element of the policy knowledge base. Given the limited number of changes being made and the agreed low impact nature of the policy, these costs are likely to be small. As such it is not considered appropriate to undertake extensive analysis of these costs as they will be marginal. As a best guess, the impacts associated with the NPPF familiarisation costs have been taken as a guide. The scope and scale of changes, and the sectors that are affected is considerably smaller than in the case if the NPPF which gave a best estimate one off cost of £5.5m. On that basis, we would estimate that the costs of familiarisation with the new circular would be in the region of £100k – £150K.