

Title: Traffic Orders - Deregulating Publicity Requirements Lead department or agency: Department for Transport Other departments or agencies: Highways Agency	Impact Assessment (IA)
	IA No: DfT00115
	Date: 22/08/2011
	Stage: Consultation
	Source of intervention: Domestic
	Type of measure: Secondary legislation
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

Regulations require Traffic Authorities (TAs - Local Authorities, TfL and Highways Agency) to advertise Traffic Orders (TOs) in local newspapers leading to annual spend of an estimated £20m. Around 40% of this is funded by utility companies and developers.

Newspapers are no longer always the most effective or best value way to reach those affected. These changes will provide an approach which allows TAs more flexibility to choose the methods they use to publicise their plans. Publicity for temporary orders will be reduced. Government intervention is necessary to remove much of the financial burden on TAs and others, and to amend the process to incorporate modern communication methods. Consultation requirements for Local Authorities will also be relaxed.

What are the policy objectives and the intended effects?

The policy objectives are:

1. To remove a burdensome regulation, that is overly prescriptive and hence not consistent with Better Regulation principles, thereby creating savings for Traffic Authorities and Business; by removing the duty to advertise TROs in local newspapers.
2. To promote localism by allowing the flexibility for Traffic Authorities to select the most appropriate method of communication to enable residents and stakeholders to be informed, and communicate their views, subject to a reasonableness test.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1 – do nothing

Option 2 – Amend Traffic Order Regulations to make newspaper advertising an option instead of a requirement – preferred option.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 1/2015

What is the basis for this review? PIR. **If applicable, set sunset clause date:** Month/Year

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes
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SELECT SIGNATORY Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY: Date:

Summary: Analysis and Evidence

Policy Option 2

Description:

Removing the requirement for Traffic Authorities to advertise Traffic Regulation Orders in newspapers, and allowing them to select the most appropriate channels of communication for their audience.

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: n/a	High: n/a	Best Estimate: £142.0m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	n/a	0	0
High	n/a	0	0
Best Estimate	n/a	0	0

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

Other key non-monetised costs by 'main affected groups'

The costs of alternative traffic authority advertising methods, for example via the internet, or letter to those affected are currently non-monetised. Information on these costs will be sought during public consultation.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	n/a	n/a	n/a
High	n/a	n/a	n/a
Best Estimate	n/a	16.5	142.0

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

Traffic authorities and non-public sector bodies will save a combined £16.5m p.a from no longer having to advertise their work in newspapers and instead being able to make use of alternative methods of communicating at significantly lower cost. This is estimated to be split into;

- Traffic authority savings: £10.0m p.a.
- Non-public sector bodies: £6.5 p.a.

Other key non-monetised benefits by 'main affected groups'

It is anticipated that by tailoring their methods of communication, Traffic Authorities will achieve better levels of awareness amongst their target audience than by using the present 'one size fits all' approach of advertising in local newspapers. A more targeted approach will lead to benefits for local road-users in planning their travel arrangements.

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

- It is assumed that Traffic Authorities will use the change in requirements to select the most appropriate method of communicating TOs to their communities, which is expected to create better awareness at lower cost.
- The loss of income to local newspapers could be an issue, although economic theory suggests they will fill their space with other adverts even if at marginally lower prices. However, this is a second order impact and so not monetised here.

Direct impact on business (Equivalent Annual) £m): 0			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: £5.9 m	Net: - £5.9 m	YES	Out

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			England			
From what date will the policy be implemented?			01/04/2012			
Which organisation(s) will enforce the policy?			N/A			
What is the annual change in enforcement cost (£m)?			N/A			
Does enforcement comply with Hampton principles?			No			
Does implementation go beyond minimum EU requirements?			N/A			
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A	Non-traded: N/A		
Does the proposal have an impact on competition?			No			
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			Costs: N/A	Benefits: N/A		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)		Micro	< 20	Small	Medium 100%	Large
Are any of these organisations exempt?		No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties ¹ Statutory Equality Duties Impact Test guidance	No	N/A
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	N/A
Small firms Small Firms Impact Test guidance	No	N/A
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	N/A
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	N/A
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	N/A
Human rights Human Rights Impact Test guidance	No	N/A
Justice system Justice Impact Test guidance	No	N/A
Rural proofing Rural Proofing Impact Test guidance	No	N/A
Sustainable development Sustainable Development Impact Test guidance	No	N/A

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No.	Legislation or publication
1	1992 / No. 1215 The Road Traffic (Temporary Restrictions) Procedure Regulations 1992
2	1990 / No. 1656 The Secretary of State's Traffic Orders (Procedure) (England and Wales) Regulations 1990
3	1996 / No. 2489 The Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annual recurring cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total annual costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transition benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annual recurring benefits	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
Total annual benefits	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base (for summary sheets)

Problem under Consideration and Rationale for Intervention

1. The problem under consideration is the current requirement for Traffic Authorities to publish all proposed and made Traffic Orders in a local newspaper. Traffic Orders are also known as Traffic Regulation Orders (TROs) and Traffic Management Orders (TMOs). The Traffic Authorities (TAs) comprise the Highways Agency (HA), Transport for London (TfL) and Local Traffic Authorities (LTAs).
2. Newspaper advertising places a financial burden, currently around £20 million p.a. on Traffic Authorities. For temporary orders, a significant proportion of the cost is recovered from businesses such as statutory undertakers (utility companies), Network Rail and event organisers, and to a lesser extent for permanent orders, from property developers.
3. In many cases, advertisements are being placed at considerable cost in newspapers (which do not reach the intended audience) in order that the regulation is complied with. It is recognised that as communication methods have evolved, newspapers are frequently not the best medium to notify the intended audience and therefore a change in the regulations will facilitate the use of the most appropriate and best value communication methods.
4. Thus, there is no economic rationale for the current regulation. It is not correcting a market failure and the money spent as a result of the regulation *therefore represents an inefficient use of scarce resources*. Deregulating this requirement will free up resources that could then be put to *more productive ends, hence promoting economic growth*.

Policy Objectives

5. To remove a burdensome regulation, that is overly prescriptive and hence not consistent with Better Regulation principles, thereby creating savings for Traffic Authorities and Business; by removing the duty to advertise TROs in local newspapers.
6. To promote localism by allowing the flexibility for Traffic Authorities to select the most appropriate method of communication to enable residents and stakeholders to be informed, and communicate their views, subject to a reasonableness test.

Description of Options Considered

7. Option 1 - Do nothing. This would involve the continuation of existing policy that is to keep the current regulation requirements in place and is the option against which all benefits and costs are compared.
8. Currently the expenditure on advertising is £20m per year. The 'do nothing' is not considered a viable option because it does not meet the policy objectives.
9. Option 2 – Amend Traffic Order Regulations to make newspaper advertising an option instead of a requirement
10. This option involves removal of the regulation that TOs must be advertised in a newspaper. Instead, all Traffic Authorities will be able to select method(s) for publicising their TO as they consider appropriate, such as the display of notices in roads; delivery of notices or letters by post to affected addresses; or delivery of notices or letters by electronic means to affected addresses. Following discussions with working groups, Local Traffic Authorities were in favour of removing the requirement to advertise in local newspapers, but they favoured retaining a list of publicity options within the regulations rather than removing requirements completely. The reason for this would be so that they could demonstrate compliance with the requirements. Following further development of the policy, it is proposed that all specific requirements for methods of publicity will be removed from the regulations, but there will be a requirement for a 'reasonableness test' to be applied to planned publicity. Guidance will also be issued to assist traffic authorities following the change to regulations.

Benefits of the preferred option

11. As mentioned above, TAs comprise the HA, TfL and LAs. Due to the differing nature of the roads that the HA and TfL are responsible for, these two have been considered separately to Local Traffic Authorities. Both of these organisations are of the view that the use of newspapers for advertising does not meet their needs.

Highways Agency (HA)

12. The HA has already made significant savings on the cost of newspaper advertising by combining adverts, stream-lining the text used, and changing the papers selected for advertising. This reduced their costs in 2009-10 from £4.2 million to £1.9 million in 2010-11. They estimate saving this amount following the change in regulations, as they anticipate that in most cases, TOs will only be advertised on their web-site. The change to regulations would therefore lead to the HA saving around £1.9 million annually. This reflects their actual annual spend in 2010-11.

Annual savings applicable;

Highways Agency annual saving: £1.9m

Transport for London (TfL)

13. Removing the need for local newspaper advertising for TfL would result in the following estimated annual savings. Please see Annex 3 for an explanation of the data sources and assumptions. This reflects their historical spend, and the amount they have recovered from business:

Organisation	Saving
Transport for London	£478,000
Property Developers	£29,000
Utility Companies (statutory undertakers)	£160,000
Network Rail	£53,400
Event organisers	£53,400
Total	£773,800

Source: 'Traffic Regulation Order Advertising: A need to review the regulations' report <http://www.ukroadsliaisongroup.org/en/utilities/document-summary.cfm?docid=62D93AE7-0A69-4375-BCE232DFC4E83A65>

The above table (and likewise the table for Local Authorities in paragraph 16) reflects the amount of £773,800 spent by TfL annually on local newspaper advertising in total. Of that total amount, around £478,000 is funded directly by TfL, whilst the remainder is recovered from the other bodies listed. That recovered from property developers was in relation to permanent TOs arising from their construction work. The other amounts relate to temporary orders, and that recovered from utility companies, Network Rail and event organisers relating to temporary activities on the road.

Local Traffic Authorities

14. It is estimated that Local Traffic Authorities spend £17.3 million p.a. on advertising Traffic Regulation Orders (including the recovered amount).
15. Around 20% of Traffic Authorities reported that they consider newspapers still represent the optimum way of reaching their target audience, so may be expected to continue with this approach, meaning an initial on-going annual spend of around £3.5 million, resulting in a net

saving for Local Authorities of around £13.8 million. The estimated £13.8 million saving would be split as follows:

Organisation	Saving
Local Traffic Authorities	£7,600,000
Property Developers	£276,000
Utility Companies (statutory undertakers)	£5,240,000
Network Rail	£414,000
Event organisers	£276,000
Total	£13,806,000

Source: 'Traffic Regulation Order Advertising: A need to review the regulations' report
<http://www.ukroadsliasongroup.org/en/utilities/document-summary.cfm?docid=62D93AE7-0A69-4375-BCE232DFC4E83A65>

Combined Benefits (savings)

16. Based on the above information, the anticipated £16.5 million initial annual saving from removing the requirement for newspaper advertising is summarised as follows:

Organisation realising saving:	Predicted annual saving (£m):
Utility companies (statutory undertakers)	5.4
Property developers	0.3
Network Rail	0.5
Event Organisers	0.3
Business saving sub-total:	6.5
Highways Agency	1.9
Transport for London	0.5
Local Traffic Authorities	7.6
Public sector saving sub-total:	10.0
Total benefits:	16.5

Thus, £6.5. of the total £16.5m costs fall on business, or around 40%

NOTES:

- Event organisers may include both commercial and the civil society organisations (community, voluntary and not-for-profit organisations).
- Savings by Local Traffic Authorities and the third party bodies who reimburse them for advertising may be expected to increase steadily over time, as the remaining newspaper advertising declines.

Non-monetised benefits

17. It is anticipated that by tailoring their methods of communication, Traffic Authorities will achieve better levels of awareness amongst their target audience at a lower cost than by using the present 'one size fits all' approach of advertising in local newspapers. A more targeted approach will lead to benefits for local road users in planning their travel arrangements.

Costs of the preferred option

Highways Agency

18. The HA has advised that should the legislation be changed, they plan to only publish statutory adverts on the HA website with no local newspaper advertising other than in exceptional circumstances. This would reduce advertising costs to almost zero as the adverts could be placed on the website by existing HA staff and there is no cost for advertising on their own website.
19. HA has told us that there would be a minimal optional one-off software development cost to set up a section on the HA website with maps highlighting the location of road works with the full notice including details of diversionary routes available when clicking on each particular location on the map. This web solution would use freely-available Google applications that can be delivered at low or no cost once set up other than staff time. The HA would only publish adverts in local newspapers in a small minority of cases where there was perceived to be a direct impact on individual properties or where the scheme was particularly large, disruptive or controversial, or is required by different legislation, this is estimated to be in less than 5% of cases.
20. Advertising works in this way (on the HA website) will allow road users to be able to find out the info they need as they will now only need to check one source in a free to access way.

Local Traffic Authorities

21. Traffic Authorities will incur some costs where additional methods of publicity are required. They will already be using alternative additional methods of communication as required by the regulations so limited further costs are anticipated for the methods used and the administration supporting them. We aim to find out more about this from the consultation exercise.
22. These costs are shown as non-monetised for the purposes of this consultation impact assessment.

Local Newspapers

23. Local newspapers will lose revenue from publishing Traffic Orders. Assuming 20% of local traffic authorities will continue to publish in newspapers, the newspapers will lose £16.5m in revenue annually from advertising planned and made TOs, but economic theory suggests that advertising rates will adjust and hence demand will rise to fill the space available in the newspapers dedicated to adverts. Thus, the final change in revenue will be far less than this. This impact on revenues is considered to be an indirect effect of this deregulatory change. Where the present arrangements can no longer be justified, local newspapers cannot continue to expect to receive what is in effect, public sector subsidy through the continued placing of these adverts,. The government strongly favours the use of on-line publication, and of other lower cost options to communicate with interested parties.

Risks and Assumptions

24. We anticipate that by ceasing to advertise in local newspapers and using alternative methods local people will become better informed as traffic authorities will have discretion to target the relevant audience in the most appropriate way. Where this refers to Local Authorities, new guidance was published by CLG in March 2011 to assist in this (Code of Recommended Practice on Local Authority Publicity).
25. HA have already taken steps to reduce their spend on newspaper advertising. In 2009-10 it was £4.2 million, whereas in 2010-11 it was reduced to just £1.9 million. This has been achieved by reducing the length of adverts; combining multiple TOs into one advert; reducing the advertising to one paper per TO and selecting more local than regional papers with lower costs. No complaints at all have been received following this change, and it is felt that by better targeting of advertising, awareness has actually increased. Based on their experience, we anticipate that the option to cease of all newspaper advertising will not have a detrimental effect on communication. It is planned to share their good practice for those authorities who may choose to continue newspaper advertising.
26. There could be an impact on groups in society who presently use the local newspaper medium to find out about TROs. It will be the responsibility of the relevant Traffic Authority to make sure such groups are kept adequately informed.

Direct Costs and Benefits to Business Calculation

Business savings

Organisation realising saving:	Predicted annual saving (£m):
Utility companies (statutory undertakers)	5.4
Property developers	0.3
Network Rail	0.5
Event Organisers *	0.3
Business saving sub-total:	6.5

Net Present Value of benefits is £55.9m (2011 PV, 2011 price base), giving an equivalent annual net benefit to business of £6.5m (benefit accruing to the four categories of non-public sector bodies above). Following the OIOO guidance this gives an EANBB (in 2010 PV and 2009 price base) of £5.9m.

Business costs

27. Local newspapers will lose £16.5m of revenue p.a. This however is treated as an indirect impact in terms of OIOO as it is the result of a change in the demand for newspaper services.
28. There will be some minor costs to traffic authorities to implement alternative publicity plans, though these will not be known until after the consultation exercise.

Summary and preferred option with description of implementation plan

29. The preferred option is option 2, as this will deliver new benefits through reducing the burden on Traffic Authorities, utility companies and others. It will also promote a local approach by permitting traffic authorities to determine the most appropriate way to reach their target audience.
30. This option will reduce the cost burden, and increase flexibility, for traffic authorities as well as leading to more targeted traffic order advertising enhancing the knowledge of local residents.
31. We plan to go to 12-week public consultation upon approval of this impact assessment, estimated as October, and to lay amended regulations as soon as practical after that is completed.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review, or there could be a political commitment to review (PIR)];</p> <p>The review will be a non-legislative review to take place one to two years after implementation.</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p> <p>The objective of the review will be to establish to what extent the policy objectives have been met, and to assess the savings and alternative costs which have resulted.</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p> <p>We anticipate a further survey along the lines of that carried out previously by the UK Network Management Board.</p>
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>The base-line will be as outlined in the evidence base above.</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p> <p>Success will be measured by the actual savings made to those anticipated and public response. If this is not achieved, consideration could be given to further changes to regulations.</p>
<p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]</p> <p>Further survey of Traffic Authorities.</p>
<p>Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]</p> <p>N/A</p>

Annex 2 – specific impact tests

Statutory Equality Duties

It is not anticipated that the changes proposed will affect groups to be considered under the Equality Act.

Economic Impacts

Economic impacts are limited and as described above.

Competition

There are no competition implications for these changes.

Small Firms Impact Test

With regard to the companies affected, the utility companies, developers and Network Rail are large companies who will benefit from the reduction in the need to advertise in newspapers. Most local newspapers are owned by large groups, but there may be small companies. It is our intention to probe this in the consultation exercise.

Environmental Impacts

There is no environmental impact arising from these changes.

Greenhouse Gas Assessment

These changes will have no greenhouse gas implications.

Wider Environmental Issues

None anticipated

Social Impacts

Impacts will be limited to an expected improvement in the awareness of the public of planned schemes.

Health and Well-being

These changes will have no impact on health and well-being.

Human Rights

There will be no human rights implications to these changes.

Justice System

There will be no new justice requirements,

Rural Proofing

There will be no change in the affects on rural communities.

Sustainable Development

Not applicable.

Annex 3 – Sources of Data

The estimates of cost savings for the Highways Agency have been based on information provided by them of actual costs incurred in 2010-11.

The information included above for TfL and Local Authorities has been extrapolated from the results of a survey conducted by the UK Network Management Board in July 2010, which received 49 responses. Of those, 42 were English authorities, including Highways Agency (HA) and Transport for London (TfL). A report: 'Traffic Regulation Order Advertising: A need to review the regulations' was then written using those results.

The report groups the responding authorities for England into London Boroughs, two-tier shire councils, metropolitans and unitary authorities, calculates an average for the authority type, then multiplies that figure by the number of authorities of that type. Those authorities which responded represented around a quarter of principle traffic authorities, so is believed to give a robust estimate of expenditure.

Appendix 4 of that report provides a good indication of the proportion of advertising costs that are recovered by different traffic authorities, which has been used to inform this Impact Assessment.