



Department
for Transport

Guidance for Local Authorities to accompany the Permit Scheme cost benefit analysis calculator

Moving Britain Ahead

The Department for Transport has actively considered the needs of blind and partially sighted people in accessing this document. The text will be made available in full on the Department's website. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR
Telephone 0300 330 3000
Website www.gov.uk/dft
General enquiries: <https://forms.dft.gov.uk>



© Crown copyright 2019

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos or third-party material) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Contents

Background	4
The Permit Fee Scheme Calculator	5
How the calculator works	5
Inputs	7
Works data	7
Permit fee structure	8
Set-up costs	9
Impact on the duration of works	9
Outputs	11
Number of works and work days	11
Congestion cost impacts	12
Operational costs and cost recovery	13
Appraisal	14
Further information	15
Sources of information	15
Department contact	15

Background

Street works and road works are a major cause of delay and disruption for road users, resulting in significant costs to the economy and society.

The New Roads and Street Works Act (NRSWA) place a duty on local highway authorities (LHA) to coordinate street and road (or highway) works and statutory undertakers (SU) have a general duty to use their best endeavours to co-operate with such actions. NRSWA requires that the SUs provide advance notice of certain works to the LHA.

The 2004 Traffic Management Act (TMA) placed a duty on LHA to facilitate the movement of traffic within their areas (the network management duty) and introduced their ability to develop and operate a street works permit scheme. The introduction of permit schemes was amended by the 2015 Deregulation Act and their operation within the Permit Scheme (England) Regulations 2007 (the regulations) were also amended in 2015 by amendment regulations.

A permit scheme requires all works promoters to obtain prior approval to undertake their works and for the LHA to consider what conditions are applied. LHAs may also apply a fee to applications from SU to cover the costs associated with the processing of permits.

The Government supports the introduction of well-developed and reasonably operated schemes and, having published and evaluation of schemes already in operation, sought in 2018 that the remaining LHA still operating a reactive noticing system introduce a permit scheme. To assist this, we have developed the calculator for the cost benefit analysis which this guidance supports.

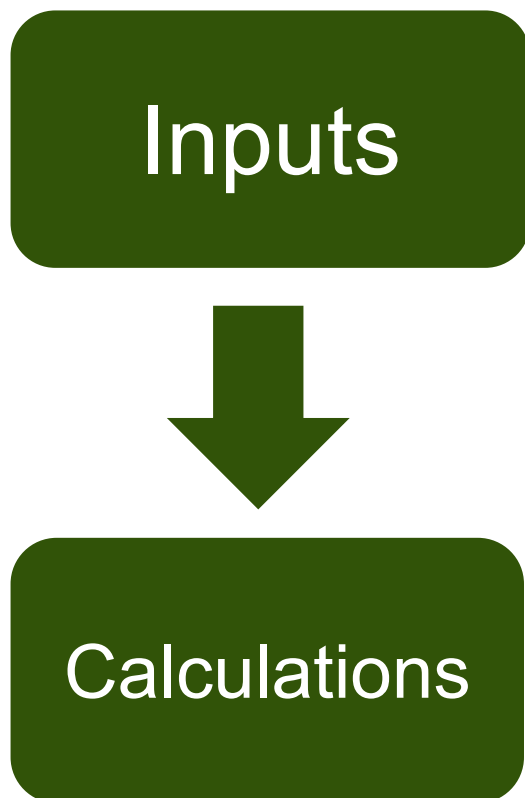
The Permit Fee Scheme Calculator

Introduction

This calculator is a tool for LHAs to support the analysis of the costs and benefits of introducing a permit scheme. The outputs can be used by the LHA to assess the value for money of a permit scheme under regulation 4(d) of the 2007 permit scheme regulations and regulation 16A of the 2015 permit scheme regulations.

How the permit fee calculator works

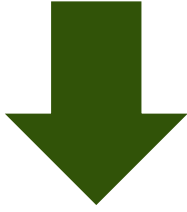
The LHA will input street works data into the calculator. The calculator will then produce outputs that assess the feasibility of a permit scheme and the fees that may need to be charged. This is shown below:



LHAs will input their street works data into the calculator. This includes:

- Street works data
- Set up costs
- Impact on work durations (more detail in section 3(d) below)
- Possible fee structure

The calculator will use the inputs provided to measure the impact of the permit scheme in the local authority.



Outputs

The outputs produced can be used by the LHA to support the development of a permit scheme. This includes:

- Impact on the duration of works
- Impacts of congestion costs to road users
- Set-up and operational costs
- Permit fee revenue
- Cost-benefit analysis

Inputs

Introduction

Local authorities are required to input a range of works data into the permit scheme calculator. This includes:

Works data

Current number of street works per year

This is the current number of street works that actively take place, per year, in the local authority. LHAs should use their most up to date works data. Works that are planned for but do not commence, are cancelled, delayed or disrupted should not be included in this figure.

This should be broken down by works type (major, minor, standard and immediate) and by works promoter (statutory undertakers and local authorities).

Current number of work days per year

LHAs should enter the total number of days taken to complete works per year. This is measured by work days.

This should be broken down by works type (major, minor, standard and immediate) and by works promoter (statutory undertakers and local authorities).

Proportion of all works that are completed on 0-2 category roads

This should be entered as a percentage and is used to determine the permit fee that may need to be applied to each work.

This should be broken down by works type (major, minor, standard and immediate) and by works promoter (statutory undertakers, and local authorities).

Major works

Major works permit fees are split into three categories:

- Over 10 days and all major works requiring a traffic regulation order
- 4 to 10 days and not requiring a traffic regulation order
- Up to 3 days and not requiring a traffic regulation order

The majority of works will fall into the first category as most major works durations are over 10 days and require a traffic regulation order. Major works that do not require a traffic regulation order tend to be works that are included in an organisation's annual operating programme (also known as 'forward look plans'). These works will fall into the second and third category.

LHAs should input the proportion of major works that fall into each category. This is used to determine the permit fee applied to each major work.

Permit fee structure

The Traffic Management Act allows charging for the work resulting in the issuing of permits (and variations to permits). However, Permit Authorities may not use their permit schemes to generate surplus revenue, only to cover costs.

A Permit Authority is not required to charge a fee for its own works, but it can use a shadow charging arrangement to show the cost of issuing permits to its own works promoters. Only SU will be charged a permit fee. This is reflected in the calculator.

The Statutory Guidance sets out the maximum fee structure for each category of permit that may not be exceeded. This fee structure is arranged to reflect the greater work involved in handling larger activities and busier roads. The maximum fee structure is shown in table 1 below:

Table 1: Maximum permit fee structure for each category of works¹

Road Category 0, 1 & 2 or Traffic-sensitive	Cost	Road Category 3 & 4 and non-Traffic-sensitive
Provisional Advance (It is suggested this fee applies only where value has been added in processing the works)	£105	£75
Major works – over 10 days and all major works requiring a traffic regulation order.	£240	£150
Major works – 4 to 10 days	£130	£75
Major works – up to 3 days	£65	£45
Activity Standard	£130	£75
Activity Minor	£65	£45
Immediate Activity	£60	£40
Permit Variation	£45	£35

In the permit fee calculator, LHAs are required to choose either the maximum fee structure (shown above) or a custom fee structure.

No permit fee structure may exceed the maximum fee structure. LHAs should read the Statutory Guidance for Permit Schemes issued in October 2015 before considering a fee structure.

¹ Statutory Guidance for Highway Authority Permit Schemes

Set-up costs

Set-up costs to the LHA are used in the permit calculator appraisal. Set-up costs are likely to include legal fees, consultant costs, and costs to apply for a permit fee scheme. **However it should be noted that these cannot be recouped from permit fees.** More information on LHA costs can be found in the Statutory Guidance.

Impact on duration of works

The Evaluation of Street Works Permit Schemes report 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 in table 2 below:

Table 2: Estimation of the impact of permit schemes²

	Change in duration of works
Highways	
Major	-6.5%
Standard	-7.7%
Minor	-8.9%
Immediate	0%
Statutory undertaker	
Major	-13.9%
Standard	-1.6%
Minor	8.1%
Immediate	3.0%

The report compares the durations of works completed under a permit scheme with those under a noticing scheme. Works from each scheme were statistically matched and then compared by works durations. This analysis found that for most work types, average durations were lower under a permit scheme. The duration of works is measured in work days.

Permit schemes encourage better planning and management of works compared to a noticing scheme. LHAs can review applications, apply conditions to works and make requests for works to be completed in a shorter duration. A reduction in the duration of works will likely reduce the disruption caused by works.

The greatest average reduction in works duration relates to major works completed by SUs. By their nature, major works have longer timeframes so provide more potential for durations to be decreased. A permit scheme will also allow more extensive planning and discussions between LHAs and SUs which may result in requests for major works to be completed in a shorter timeframe.

² Evaluation of Street Works Permit Schemes

Outputs

Number of works and work days

The number of works that take place within a LHA are unlikely to change due to a permit scheme. The permit scheme will only impact the duration of works. This is measured in work days.

The Evaluation of Street Works Permit Schemes report found that, in practice, the number of immediate works undertaken by LHAs significantly increased following the introduction of a permit scheme. This suggests that immediate works were under-reported prior to the introduction of a permit scheme. However, these works were shorter in duration than previously recorded immediate works. Therefore, it is not possible to calculate the impacts for immediate works carried out by LHAs as the works could not be statistically matched between a noticing and permit scheme. This has not been modelled within the permit calculator as the impacts were statistically insignificant. LHAs may therefore expect the number of immediate works to increase following the introduction of a permit scheme.

Work days and congestion cost impacts

The total impact on the duration of works and congestion costs depends on the breakdown of works reported by the LHA in the permit fee calculator.

The net impact on the duration of works depends on the reported breakdown of works. Work durations are expected to decrease following the introduction of a permit scheme. However, the total number of work days within each works category may increase or decrease depending on the work duration impacts. Using the default impacts on the duration of works, minor and immediate work durations completed by statutory undertakers are expected to increase. If the increase in duration of these works exceeds the reduction in durations of all other works, the total number of work days is expected to increase. However, this is still likely to provide additional benefits due to the reduction in congestion cost impacts.

The net congestion cost impact is also dependent on the breakdown of works as some work cost impacts are higher than others. Using the default congestion cost impacts (shown in table 3 below), highways authority works have higher congestion cost impacts than SU works. Major and standard work types also have higher congestion cost benefits than minor and immediate work types. Although the duration of minor and immediate works may increase and lead to an increase in congestion costs to road users, the reduction in durations of all other works leads to a decrease in congestion costs. If the reduction in congestion costs from all other work types exceeds the increase in congestion costs from minor and immediate works completed by SUs, the total number of work days may increase but can still lead to a reduction in congestion cost impacts.

Congestion cost impacts

The costs of congestion are sourced from the Evaluation of Permit Schemes report. This is shown in table 3 below:

Table 3: 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

The QUADRO (Queues and Delays at Roadworks) modelling software is 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.

The congestion cost impacts are reported at the national level and are representative of all local authorities. Individual local authority congestion costs may therefore differ to the impact costs reported. This may be due to the nature of their works, strategic importance of the road, regional differences and seasonal impacts. LHA who observe different congestion cost impacts should note this in their evaluation and provide evidence in support of this.

The permit calculator uplifts the impact per day to 2018 prices and then multiplies this with the change in the number of work days. This quantifies the impact of the change in the duration of works due to a permit scheme.

Impacts per day are considerably higher for major work types compared to standard, minor and immediate works. LHA works also have higher congestion cost impacts compared to statutory undertakers. This should be noted by LHAs when completing their evaluation. The reduction in duration of works from the introduction of a permit scheme could lead to an increase in congestion cost impacts for road users.

More information about the quantification of the impact of works can be found in the Evaluation of Street Works Permit Schemes report.

² Evaluation of Street Works Permit Schemes

Operational costs and cost recovery

LHAs may charge fees in relation to the issuing of permits and for the operational costs of a scheme in relation to assessing and handling permit applications by SUs but permit authorities may not use their permit schemes to generate surplus revenue.

All works promoters will apply for a works permit however, local authority works promoters will not pay a permit fee. Permit fees will only be paid by SUs.

The LHA is likely to incur set up costs when implementing a permit scheme these are not recoverable from permit fees. Operational costs in relation to SUs works are recoverable through permit fees and paid by SU.

The permit calculator outputs the annual costs to the local authority. These include:

Local authority annual costs

- **Operational costs of the permit scheme**
 - Administration costs to review applications, issue permits and review receipt of permit fees from Sus. This cost is recoverable, so will equal the permit fees paid by statutory undertakers.
 - Administration costs to review applications and issue permits to LHA works promoters. **These costs are non-recoverable.**
- **Highways authority works promoters' administration costs**
 - This is the cost to highways authority works promoters to apply for a works permit. Highways authority works promoters will apply for a work permit but will not pay a permit fee.

Local authority annual revenue

- **Permit fee revenue from statutory undertakers**

Only SUs are required to pay a permit fee. Fees from a Permit scheme will be used to recover the operational costs of the elements related to the value added by the additional work undertaken by LHAs on permit applications from SUs.

Statutory undertaker annual costs

- **Administration costs**

SUs will face additional costs to apply for a works permit.
- **Permit fee costs**

SUs will pay a permit fee to local authorities for assessing their applications to undertake works. Permit fees paid by SUs will be used to recover the operational costs of the permit scheme.

Further information on permit fees and recoverable costs can be found in the Statutory Guidance for Highways Authority Permit Schemes.

Appraisal

The permit calculator appraises the costs and benefits of the permit scheme over a 10-year appraisal period. This is displayed in the outputs section as a net present value in 2018 prices. LHAs can use the net present value to assess the value for money of a permit scheme.

A net present value is the difference between the present value costs and the present value benefits over the chosen appraisal period.

Further information

Sources of information

[Evaluation of Street Works Permit Schemes 2018](#)

[Statutory Guidance for Highways Authority Permit Schemes issued October 2015](#)

Department contact

Ann Morley who can be contacted by email at ann.morley@dft.gov.uk