

<b>Title:</b> Street and road works: further reforms  <b>IA No:</b> DFT00427  <b>RPC Reference No:</b> N/A  <b>Lead department or agency:</b> Department for Transport <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>
	<b>Date:</b> 15/04/2021
	<b>Stage:</b> Consultation
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Secondary Legislation
	<b>Contact for enquiries:</b> Streetmanager@dft.gov.uk

<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> RPC Opinion Status
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**Cost of Preferred (or more likely) Option (in 2019 prices)**

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status Qualifying Provision
£32.6m	£82.8m	£-9.6m	

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

The Government has been working across utility companies and local authorities in recent years on a range of measures to help ensure that road works are planned, managed and co-ordinated as effectively as they can be, to improve consistency and communication across the sector, and to make accurate and up-to-date information available to road users. This IA accompanies a consultation that presents a series of additional reforms to regulations covering road works. There are some instances of government failure due to overburdensome regulation in some parts of the current legislation. Outdated ways of working mean more works than required are carried out. These works cause congestion to the rest of road users and cause negative externalities, as society bears the costs not the utility companies. The reforms are intended to simplify regulations to deliver process efficiencies and improve clarity; address information failures; improve the quality of reinstatements; and support modern ways of working.

**What are the policy objectives and the intended effects?**

The proposals aim to further improve the communication and planning of road works, support use of Street Manager and the Government's Manifesto commitment to roll-out broadband, and provide more detailed and up-to-date information for road users. The main proposals presented include: introducing a new type of flexi permit that would cover a number of standard and minor works in a certain area for a period of time; requiring works start and stop notices to be sent within two hours at weekends, and on all days by highway authorities; and amendments to inspections to simplify the rules and target poor performers. The intended effects are time savings to businesses and highway authorities from simpler and clear regulation. There are congestion cost savings. By reducing the number of non-compliant works, there will be a reduction in disruption to people's journeys.

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

Street works is a heavily regulated area. Amendments are needed to improve and simplify how the rules work in practice and to support modern working practices. Statutory and other guidance is also used in the sector where appropriate and necessary. The majority of proposals included in this consultation are necessary to amend existing regulations, for example, covering inspections, or to allow a new type of flexi permit. The remaining proposals need secondary legislation to ensure a level playing field and parity between utility and highway authority works promoters. Both carry out works that can cause disruption and congestion.

Option 0 – baseline option, do-nothing scenario: Legislation around street works remains the same.

Option 1 – do-something option: A series of additional reforms to regulations covering works involving permits, inspections, Section 58 and Section 58A, work start and stop notices, traffic sensitive criteria, major work's definition, and overrun charges.

<b>Will the policy be reviewed?</b> It will/will not will be reviewed. <b>If applicable, set review date:</b> 2023MonthYear				
Does implementation go beyond minimum EU requirements?		No		
Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?	<b>Micro</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes	<b>Large</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)		<b>Traded:</b> N/A	<b>Non-traded:</b> N/A	

*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 & Evidence

# Policy Option 1

Description: A series of additional reforms to regulations covering works

## FULL ECONOMIC ASSESSMENT

Price Base 2020	PV Base 2022	Time Period 10 Years	Net Benefit (Present Value (PV)) (£m)		
			Low: -2.0	High: 85.7	Best Estimate: 34.8

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.04	0.0	0.04
High	0.04	0.0	0.04
Best Estimate	0.04	0.0	0.04

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

Promoters (business) face familiarisation costs associated with understanding the changes in legislation. Highway authorities (public sector) would face similar familiarisation and administration costs to understand the legislation and adjust their processes to accommodate the new system. Permit fees have been calculated as cost savings to promoters while a loss of revenue to highway authorities. This is a transfer of payments between HAs and promoters and, while the loss of revenue is monetised and included in the NPV, it is excluded from the EANDCB figure.

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

Inspection Unit fees have not been calculated as they are expected to remain the same between the baseline and preferred option. Defect fees have not been calculated due to a lack of consistent data.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0	-0.2	-2.0
High	0.0	10.0	85.8
Best Estimate	0.0	4.0	34.8

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

Congestion cost savings from better planned and reduced number of works to road users and wider society. Time savings to promoters and highway authorities of using flexi permits.

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

Access to data allowing the public to be better informed to make better travelling decisions. Time savings to promoters and HAs from a simplified inspections units calculation process and defect fee. Reduced confusion and disputes from a clearer understanding of policy.

<b>Key assumptions/sensitivities/risks</b>	<b>Discount rate (%)</b>	3.5
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Key assumptions within the analysis include the new m<sup>2</sup> calculation of inspection units (IUs) totalling the same overall number of IUs and that allocation of inspections in the new system will average the current 30%. This is based on policy expertise in the area but will be tested at consultation. Other assumptions include the reduction in number of work days from the flexi permit scheme and as a result of the new allocation of inspections. This involves eligibility criteria of the flexi permits such as the number of streets in which a flexi permit would cover realistically. Sensitivity analysis has been used to model different scenarios

## BUSINESS ASSESSMENT (Option 1)

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>Score for Business Impact Target (qualifying provisions only) £m:</b>
<b>Costs:</b> -7.7	<b>Benefits:</b> 1.9	<b>Net:</b> -9.6	
			-48.1

# 1.0 Policy Rationale

## Policy background

- 1 We estimate that there are between 2.1 million<sup>1</sup> and 2.5 million<sup>2</sup> road works carried out in England each year. These can cause significant disruption to people's journeys and congestion which we estimate costs the economy around £4 billion<sup>3</sup>. Street works are carried out by utility companies (water, gas, electricity and telecommunications who are also known as statutory undertakers) to install, repair or maintain the vital services on which we all rely. Road works are carried out by the highway authority to maintain the roads or, for example, to install cycle or bus lanes. We use the term road works to cover both types of works in this impact assessment.
- 2 The Government has been working across the sector in recent years on a range of measures to help ensure that road works are planned, managed and co-ordinated as effectively as they can be, to improve consistency and communication across the sector, to reduce the impact they have on congestion, and to make accurate and up-to-date information available to road users. Work has been focused on ensuring that the most modern and effective methods possible are being used by highway authorities, utility companies and their contractors to plan and manage works. This is not just to minimise the impact that works have on congestion, but to ensure that that systems are fit for the challenges of the future, including the digital transport agenda, that they support innovation and that they are able to deal with the rising demands for transport services and for utility infrastructure.
- 3 Recent Government initiatives have included:
  - The introduction of the transformational Street Manager digital service which, since July 2020, is being used by every utility company, highway authority and their contractors in England to plan and manage road works. Street Manager also now streams real time data on live and planned works.. Street Manager is a system that allows better coordination and planning at both permit application and approval stages so road works can be scheduled to take place either together or under a joint permit or at a time that minimises road disruption (for instance, avoiding problems such as conducting works then digging up the same road a few weeks later for a separate company to conduct different works on the same location).
  - The introduction of an updated Specification for the Reinstatement of Openings in the Highway<sup>4</sup> (SROH version 4) – the first for 10 years – and which comes into force as statutory guidance on 10th May 2021. This new guidance:
    - supports the introduction of new materials to aid compliance with air voids (compaction) requirements;
    - rationalises the process for introducing innovation. The guidance is more open to innovation to improve the introduction of new materials and methods in street works;
    - introduces a new specification for micro trenching, crucial for the economic roll-out of broadband but only previously allowed by agreement with each highway authority;

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<sup>1</sup> Actual works created in Street Manager between 1 July 2020 and 28 Feb 2021 were 1,412,406. Calculating an annual figure gives 2,118,609

<sup>2</sup> ELGIN, 2016-18 street works data; this data reveal the total number of works completed in England and Wales. The 2.5 million figure is the result of summing the number of works across local authorities and utility companies in England. (From Street Manager 2019 IA)

<sup>3</sup> Halcrow 2004, Estimation of the Cost of Delay from Utilities' Street works

([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/4821/f0007955-street-works-report-vol-3.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/4821/f0007955-street-works-report-vol-3.pdf))

<sup>4</sup> <https://www.gov.uk/government/publications/specification-for-the-reinstatement-of-openings-in-highways>

- permits the use of large diameter coring, which can reduce a week's site occupation to around a day but previously was only allowed by agreement with each authority.
- The encouragement for every highway authority to operate a permit scheme, which almost every authority now has. Permit schemes allow for the proactive planning and management of works and have been proven to reduce the impacts of works on congestion. Every authority will have a scheme in place by summer 2021, ensuring that there will be one set of rules, consistently applied across the country, through Street Manager.
- Allowing new lane rental schemes, which allow a highway authority to charge up to £2,500 per day<sup>5</sup> for works on the busiest roads at the busiest times, reducing the impact of works on congestion. The Secretary of State has recently approved a new scheme in Surrey and an amended scheme by Transport for London (TfL) on its network in London. Other schemes are likely to be approved later in 2021.
- Regulations that were amended in July 2020 to support the introduction of Street Manager and requiring, for instance, notices to be sent within two hours of works starting or stopping on week days, amending the timelines associated with restrictions issued under Section 58 of the New Roads and Street Works Act 1991 which can prevent works following, for example, highway authority resurfacing schemes, and amending the definition of major work<sup>6</sup>.

## Problem under consideration

- 4 This Impact Assessment accompanies a technical consultation that is aimed at a specialist audience who works in this sector, for example, utility companies, highway authorities and their contractors. The Government is consulting on a series of additional reforms to regulations covering road works. They have come to light during the development and introduction of Street Manager and the update to the Coordination Code of Practice<sup>7</sup>. For example:
- Street Manager now enables additional improvements in communications to be delivered that were not possible before including real time information for road users;
  - It means there is now data to support more targeted inspections;
  - The system can now support the development of flexi permits which could help to improve efficiencies and compliance with existing regulations; and
  - the review of the Coordination Code of Practice highlighted some inconsistencies in the regulations which can now be simplified.
- 5 The reforms also aim to support the Government's Manifesto commitment to roll out full fibre and gigabit-capable broadband to every home and business across the UK by 2025. Road works by telecoms companies currently account for one third of all works<sup>8</sup>, and the number of works needed to further roll-out broadband is estimated to triple over the next few years<sup>9</sup>.

<sup>5</sup> <https://www.legislation.gov.uk/uksi/2012/425/contents/made>

<sup>6</sup> <https://www.gov.uk/government/consultations/street-manager-and-street-works-permit-scheme-changes>

<sup>7</sup> <https://s3.eu-west-1.amazonaws.com/static.jaguk.org/downloads/Code-of-Practice-for-Co-ordination-HAUCEngland-Edition-2020.pdf>

<sup>8</sup> Street Manager data

<sup>9</sup> Based on data from ThinkBroadband, estimates of the increase in build rate needed between January 2021 and 2025 to deliver the Government's target and estimates from telecoms operator about how this will equate to the number of works.

6 The main proposals presented include:

- **Measure 1: Introducing a new type of flexi permit** that would cover a number of standard and minor works in a certain area for a period of time. At the moment, a works promoter has to apply for, and the highway authority assess, one permit per street or Unique Street Reference Number (USRN). Around 65% of all works carried out are minor and standard<sup>10</sup>, that is works with a duration of less than 10 days. Allowing one permit for up to 10 works in an area over a 4 week period would improve efficiency, reduce administrative costs and increase flexibility.
- **Measure 2: Allowing phases within a permit** so that up to date information on traffic manager can be sent to Street Manager and then published. At the moment, a permit could last for several weeks but the traffic management or road closures may only be in place for part of that time. Allowing phasing within a permit will mean that real-time information could be provided to road users on when their journeys will be affected, rather than a period of time when they might be affected.
- **Measures 3 and 4: Including notifications about Section 58 and 58A road restrictions** in Street Manager (measure 3). Highway authorities can impose restrictions on works taking place for up to three years after new roads have been constructed or two years after they have been resurfaced to protect their investment and prevent utility works affecting a new surface that has been laid for a period of time. They have to notify utilities of proposed and actual restrictions so that they (the utility companies) can plan their works around any restrictions. At the moment, these communications are over email and many are missed, which can adversely affect a utility company's ability to plan their works or ensure they take place before a restriction is imposed. Including them within Street Manager will ensure better communication, advance notice and information sharing between works promoters and the authority. The proposals also include (measure 4) carrying over exemptions from restrictions to regulations covering permit schemes to clarify that they can apply in permit scheme areas which almost every authority in England now operates.
- **Measures 5 and 6: Requiring works start and stop notices** to be sent within two hours at weekends (measure 5); and requiring highway authorities to submit start and stop notices for their works so that up to date information can be provided via Street Manager to road users (measure 6). At present, utility companies notify the highway authority within two hours of works starting and stopping during the working day. These regulations do not, however, currently apply at weekends, so updates to work that start or end after 4.30pm on a Friday are not sent until 10.00am the following Monday, or Tuesday if there is a Bank Holiday. Neither do they apply to the third of all works carried out by highway authorities on any day of the week. The proposals included in the consultation are seeking to apply the same rules equally to all works promoters and for every day of the week so that better and more accurate information can be provided to road users through Street Manager's open data streaming service.
- **Measures 7, 8 and 9: Three changes relating to street works inspections:** amending the way an inspection unit is calculated (measure 7); using performance to calculate the number of inspections carried out each year so that poor performers are inspected more frequently (measure 8); and simplifying the fee that needs to be paid for re-inspections of reinstatements that have failed a previous inspection (measure 9). The aim of these proposals is to simplify calculations of sample inspections and re-inspection fees so that they can more easily be built into Street Manager and to reduce administration time and disputes; and to target inspections on those whose fail more reinstatement inspections than others to improve performance.

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<sup>10</sup> Street Manager data

- **Measure 10:** Amending the list of reasons highway authorities can use to designate roads as **traffic sensitive**. The criteria need to be reviewed and brought up to date, especially given that almost every highway authority in England now operates a permit scheme.
- **Measures 11, 12 and 13: Other amendments** relating to whether we should have additional information provided as part of a permit application covering, for example, traffic light heads placed on adjacent streets (measure 11); an additional amendment to the definition of major works (measure 12); and requiring highway authorities to notify a utility company via Street Manager that an overrun charge is being applied (measure 13). These proposals will make minor to important improvements that will improve communication between works promoters and highway authorities and planning. At the moment, additional information can be provided in a range of formats and, in some case, not at all; amending the major works definition will provide clarity and prevent works being misclassified as major when they should be standard, and notification of overrun charges will alert the utility company to ensure the site is cleared as soon as possible.

7 These proposals would involve amending the following secondary legislation:

- The Street Works (Registers, Notices, Directions and Designations) (England) Regulations 2007 (the 2007 Noticing Regulations).
- The Street Works (Charges for Unreasonably Prolonged Occupation of the Highway) (England) Regulations 2009 (the 2009 Charges Regulations).
- The Traffic Management Permit Scheme (England) Regulations 2007 (the 2007 Permit Regulations).
- The Street Works (Inspection Fees) (England) Regulations 2002 (the 2002 Inspection Regulations).

8 There is an additional measure which would involve amending the permit scheme statutory guidance<sup>11</sup>, making it clear how the ‘reasonable period’ should be calculated. The reasonable period relates to overrun charges. The 2007 Noticing Regulations set out how this should be calculated for areas that operated a scheme involving notices issued under the 1991 Act – this pre-dated permit schemes which almost every authority now operates. The reasonable period is one agreed between utility companies and the authority and allows extra time for work to be completed and the site to be cleared so an overrun charge can be avoided. The method of calculation was not duplicated in the 2007 Permit Regulations and so there can be inconsistency between authority areas and disputes resulting in longer times to carry out works in some areas compared to others. This is because the interpretation of the current regulation differs between authorities which means there are inconsistencies which cause confusion. We propose including the calculation method in statutory guidance to improve the situation.

## Rationale for intervention

9 The Government is responsible for a range of existing primary and secondary legislation that applies to how road works are carried out. The aim of the legislation is to ensure a level playing field, to ensure that works are carried out safely, and that they are planned, coordinated and communicated in the most effective way possible. The legislation also aims to reduce the impact of works on congestion which affects road users and minimise negative externalities which those carrying out works do not internalise. Amendments to existing regulations are needed to simplify and improve the administration of and compliance with regulations, to benefit the road works sector and to reduce the impact of

<sup>11</sup> <https://www.gov.uk/government/publications/street-works-the-2007-permit-scheme-regulations-as-amended-in-2015>

works on congestion. There are costs to the rest of road users from more congestion as a result of more works being carried out than necessary. These are negative externalities as society bears these costs rather than the utility companies that are carrying out the works. These improvements are part of the Government's Project Speed initiative and will reduce instances of government failure. This is due to the admin burden of some regulations. If the changes are not made, the existing inefficiencies and issues with existing legislation will continue.

- 10 There remains a need for regulations (ontop of the current guidance) as the aims of Government policy cannot be delivered through statutory or other guidance alone. Regulation needs to be updated to reflect the current landscape of street and road works. Regulations are supported by a range of statutory guidance, other Government advice and best practice advice issued by the sector's Highway Authorities and Utilities Committee (HAUC). The Government continues to update and modernise statutory and other guidance for the sector which supports consistent implementation of regulations and has delivered other improvements which could be achieved through statutory guidance. For example and, most recently, the Government has updated the Specification for Reinstatement of Openings in the Highway (SROH) which is the technical standard that applies to utility reinstatements and the statutory guidance for permit schemes<sup>12</sup>. Further updates to the permit scheme guidance, and the co-ordination<sup>13</sup> and inspections codes of practice<sup>14</sup> will need to be made to support any additional regulatory amendments agreed as an outcome of this consultation.

## Policy objective

- 11 The Government is consulting on a series of additional reforms to regulations covering road works that have come to light during the development and introduction of Street Manager and the update to the Coordination Code of Practice. The proposals aim to address the problems that have been identified and support greater use of Street Manager and help deliver the benefits it enables:
- Better managed road works delivering time savings and reduced congestion
  - Encourage more efficient permit applications through the flexi permit scheme
  - Increase the number of joint works by encouraging stakeholder collaboration and communication
  - Increase compliance with regulation by reducing the number of non-compliant reinstatement inspections
  - Improve information and open data access to better inform road users and the public of works planned
- 12 They also aim to support the Government's Manifesto commitment to roll out full fibre and gigabit-capable broadband to every home and business across the UK by 2025. Road works by telecoms companies currently account for one third of all works<sup>15</sup>, and the number of works needed to further roll-out broadband is estimated to triple over the next few years<sup>16</sup>. Improvements to regulations, for example, to allow use of flexi permits, will

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<sup>12</sup> <https://www.gov.uk/government/publications/street-works-the-2007-permit-scheme-regulations-as-amended-in-2015>

<sup>13</sup> <https://s3.eu-west-1.amazonaws.com/static.jaguk.org/downloads/Code-of-Practice-for-Co-ordination-HAUCEngland-Edition-2020.pdf> This is the most recent version of the Code prepared by HAUC England in 2020. It will be further updated and consulted on by the DfT following the outcome of the consultation.

<sup>14</sup> <https://www.gov.uk/government/publications/street-works-inspections>

<sup>15</sup> Street Manager data

<sup>16</sup> Based on data from ThinkBroadband, estimates of the increase in build rate needed between January 2021 and 2025 to deliver the Government's target and estimate from telecoms operator about how this will equate to the number of works.



increase efficiencies for both utilities (all types and not just telecoms companies) and highway authorities. For example, there would be reduced administrative burdens, better coordination and planning and more flexibility in terms of carrying out minor and standard works.

- 13 There are risks of the objectives not being met if the change in regulation does not have the intended effects on changing the behaviour of utility companies. While businesses will benefit from the reduced costs of flexi permits, they may not make an active attempt on conducting more joint works with other companies which would reduce congestion for other road users. There is also no guarantee of the public checking the open data streams.

## **Options considered**

### **Option 0 – Do Nothing**

- 14 The do minimum option is the baseline scenario in which the status quo remains. Street Manager and the legislation surrounding it would remain the same.

### **Permits**

- 15 Regulation 9 of the 2007 Permit Regulations requires that, amongst other things, ‘a permit scheme shall require each application for a permit to be limited to one street.’ This means that works promoters from both utility companies and the highway authority will apply for one permit for works on each individual street or Unique Street Reference Number (USRN).
- 16 Regulation 9 of the 2007 Permit Regulations requires that ‘a permit scheme may provide that, where it is proposed that the relevant specified works are to be carried out in more than one phase, a separate permit shall be obtained in respect of each phase.’ The current 2009 Charging Regulations mean that actual works start and stop notifications are sent to the authority via Street Manager at the start and end of the works covered by the permit. Updates do not need to be sent when the actual traffic management or lane closures are in place.

### **Section 58 and Section 58 Road Restrictions**

- 17 Highway authorities can restrict street works taking place following substantial road works by the authority (Section 58 of the New Roads and Street Works Act 1991) and following substantial street works by a utility company (Section 58A and Schedule 3A of the 1991 Act). The process for Section 58A notices is as follows:
- The Street Authority (SA) receives a notice from the undertaker under Sections 54 and 55 of the 1991 Act;
  - The SA publishes a notice of the undertaker’s proposed works and that they (the SA) are going to issue a restriction afterwards;
  - Other utilities companies have to inform the SA of any other proposed works within a set notice period. That notice period must be at least 20 days (so could be more than 20 days) from the date of the publication;
  - Copies of the notice must be given to parties prescribed in the legislation, which is the occupier of premises on the street and any person requesting a copy;
  - After the expiry of the notice period, the SA gives direction as to the proposed restrictions.
  - The SA needs to issue a completion of notified works notice under Schedule 3A for substantial street works.
- 18 Most of this information exchange is via email since the introduction of the Street Manager digital service for planning and managing works in July 2020. Notices should be published

on an authority's website as well, but this means utilities need to pro-actively check these for every authority. There is no consistent method of communication or information about proposed restrictions or when new ones are planned to come into force.

### Works Start and Stop Notices

- 19 Utility companies are required by regulation 15 of the 2009 Charges Regulations to submit notices to Street Manager within two hours of the works having started or when they have been completed. This regulation currently applies to weekdays and is intended to ensure that timely and accurate updates are provided to the authority and to road users about when street works are actually taking place. The regulations currently only apply to utility companies or utilities carrying out street works. Road works carried out by highway authorities are not covered by these requirements.

### Inspections

- 20 Highway authorities are empowered under Section 72 of the 1991 Act to carry out investigatory works to check whether a utility company has complied with the reinstatement standard set out in the Specification for the Reinstatement of Openings in the Highway (SROH)<sup>17</sup>.
- 21 Anyone doing street works must reinstate (restore) the street – a reinstatement - according to standards outlined in the SROH<sup>17</sup>.
- 22 The authority is allowed to charge the utility company a fee in respect of each inspection carried out. The fee is currently set in the Street Works (Inspection Fees) (England) Regulations 2002 (the 2002 Inspection Regulations) as £50 for each inspection unit<sup>18</sup>.
- 23 The current definition of a unit of inspection uses a very complex formula which is set out in the 2002 Inspection Regulations<sup>19</sup> as:
- a single excavation not exceeding 200 metres in length; or
  - more than one and not more than 5 excavations and, in the case of works relating to service pipes and service lines, not more than 10 excavations. This definition is subject to additional requirements for proximity and overall length.
  - in the case of an excavation longer than 200 metres each length of 200 metres within the length of that excavation or the balance of such length.
- 24 Some works can cover a large area and may be divided into several inspection units, each one potentially attracting a fee of £50 per inspection. Some smaller works may only be one unit.
- 25 The 2002 Inspection Regulations allow authorities to charge up to a set number of inspections each year. They can carry out as many as they like but can only charge for a random sample of between 10% and 10.5 % of each of three phases of works, and not more than 30% of the total number of reckonable units of inspection in any year. The three phases of works are:
- Category A – inspections while the reinstatement is being carried out
  - Category B – inspections within six months of the reinstatement being completed to check it is performing
  - Category C – up to two years after the reinstatement has been completed to check it is still performing. The SROH requires that reinstatements are guaranteed for two years (3 years for deep excavations).

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<sup>17</sup> <https://www.gov.uk/government/publications/specification-for-the-reinstatement-of-openings-in-highways>

<sup>18</sup> <https://www.legislation.gov.uk/uksi/2002/2092/contents/made> as amended

<sup>19</sup> <https://www.legislation.gov.uk/uksi/2002/2092/contents/made> as amended

- 26 If a utility company fails an inspection, it must repair the defective reinstatement. Authorities can then charge a fee for a follow-up inspection to inspect the repair has been carried out. Section 72(2) of the 1991 Act provides that, where a statutory undertaker has failed to comply with its duties to reinstate, it shall bear the cost of:
- A joint inspection with the authority to determine the nature of the failure and what remedial works need to be undertaken,
  - An inspection by the authority of the remedial works in progress, and
  - An inspection by the authority when the remedial works have been completed.
- 27 These inspections are known as 'defect inspections'. A distinct fee (in addition to the £50 fee referenced above for the initial inspection) is charged for each of the three defect inspections. These fees were agreed by the Highways and Utilities Committee (HAUC) in the late 1990s but are not set out in the Inspections Code of Practice. HAUC agreed at the time that the defect inspection fee should be double the value of the sample inspection fee and was set at £47.50 for each inspection of chargeable works carried out by the authority. This rate has not changed since then. If all three defect inspections are carried out the fee is  $£47.50 \times 3 = £142.50$ .

#### Traffic sensitive criteria

- 28 Regulation 16 of the 2007 Noticing regulations allows authorities to designate roads as traffic sensitive. Once they are designated, other restrictions could be applied in terms of access or working times to reduce impacts on congestion on those traffic sensitive roads.
- 29 Regulation 16 states that:
- (1) Subject to paragraphs (3) and (5) [of Regulation 16], a street authority may only designate a street as traffic-sensitive under section 64 [of the 1991 Act] if one or more of the criteria set out in paragraph (2) are met.
  - (2) The criteria referred to in paragraph (1) are that the street:
    - (a) is one on which at any time the street authority estimate the traffic flow to be greater than 500 vehicles per hour per lane of carriageway, disregarding bus or cycle lanes;
    - (b) is a single carriageway two-way road, the carriageway of which is less than 6.5 metres wide, having a traffic flow in both directions of not less than 600 vehicles per hour;
    - (c) falls within an area covered by an order in respect of congestion charges made under either section 295 of the Greater London Authority Act 1999 or section 169 of the Transport Act 2000;
    - (d) is one on which more than 25% of the traffic flow in both directions consists of heavy commercial vehicles;
    - (e) is one on which the traffic flow in both directions includes more than eight buses per hour;
    - (f) is designated by the local highway authority, as part of its winter maintenance programme, as one requiring the treatment of any part of it with salt or other chemicals, when low temperatures are expected, to prevent the formation of ice;
    - (g) is within 100 metres of a critical signalised junction or a critical gyratory or roundabout system;
    - (h) has a pedestrian traffic flow of at least 1300 people per hour, per metre width of footway; or
    - (i) is on a tourist route or within an area where international, national or significant major local events take place.

### Additional information on works

- 30 The recent review by the Highways Authority and Utilities Committee (HAUC) of the Co-ordination Code of Practice<sup>20</sup> highlighted an issue over how permits should deal with information about related activities or traffic light heads that are placed on adjacent roads to the one where the works are taking place. It is clear that the permit will cover the work itself, but it is unclear how permits should deal with these issues and there is a need for greater consistency.

### Major work's definition

- 31 One of the criteria used to classify a work as 'major' is 'street works which would normally be planned or known about at least six months in advance of the date proposed for the works'. If the work is a 'major', permits have to be submitted 12 weeks before they start and there is a higher permit fee.

### Overrun charges

- 32 Highway authorities can charge utilities under Section 74 of the 1991 Act overrun charges of up to £10,000 per day for every day the works overrun the end date agreed on the permit<sup>21</sup>. The authority will send an invoice to the utility company and it is optional whether they inform the utility in advance.

### Option 1

- 33 The options presented in the consultation have been developed during 2020 through a series of workshops and discussions with representatives from the main stakeholder group, the Highways Authority and Utilities Committee (HAUC). The problems were raised by HAUC as part of their ongoing engagement with the sector and with Government, or have been raised by users of Street Manager, or have been developed as a result of discussions with Ministers of officials across Government about delivery of the policy aims for broadband roll-out, Project Speed and improvements in performance.

### Measure 1: Introducing a new type of flexi permit

- 34 A flexi permit would allow a works promoter from both utility companies and highway authorities to apply for one permit for a number of works over a period of time. Workshops in 2020 considered how this could work and what parameters would be needed on their use. The group agreed to proposing the ones included in the consultation.
- 35 A works promoter would be able to use a flexi permit to carry out any work in any street that was covered by the flexi permit. The promoter would be required to send updates within 2 hours of each work covered by the flexi permit starting and/or stopping to the authority via Street Manager so the authority and road users would know which job was taking place on which day or time. When the last job was completed, a works stop notice would let the authority know that all works listed under the flexi permit has been completed and that the area was now clear.
- 36 We propose to set some boundaries in the regulations around use of a flexi permit to ensure that this change meets the desired outcomes and to mitigate against any issues that could arise from their use. Flexi permits:
- Could only be used for minor and standard works, so works with a duration of 10 days or less since major works need additional planning and coordination with, for example, bus operators and need to be time-bound. Flexi permits could not be used for immediate or emergency works since it is not possible to plan when these happen.
  - Would last for no longer than 4 weeks' duration from start to finish.

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<sup>20</sup> <https://s3.eu-west-1.amazonaws.com/static.jaguk.org/downloads/Code-of-Practice-for-Co-ordination-HAUCEngland-Edition-2020.pdf>

<sup>21</sup> <https://www.legislation.gov.uk/uksi/2012/2272/made/data.xht?wrap=true> as amended

- Would cover up to 10 streets/USRNs (each street has a Unique Street Reference Number).
- Must only include works that are no more than 500 metres apart and the total area for a flexi permit would be no more than 1 mile.
- Could not be used for reinstatement category 0 or 1 roads i.e. the roads that carry the highest traffic volumes. The consultation asks whether we should also exclude works on category 2 roads that are designated as traffic sensitive. Or could the authority add a condition to the flexi permit that the work on that road needs to take place on certain dates within a flexi permit period? The list of conditions applying to permits could be updated accordingly.
- Could not be used for works where a Temporary Traffic Regulation Order is needed since, for example, road closures need to be time-bound/minimised.
- Would need to ensure that the reinstatement of each job would be completed immediately after each work has been completed. The work could not, for instance, be left as an open site and reinstated closer to the end of the flexi permit period since this would be un-safe.

37 Other rules would be required via regulations around use of a flexi permit that would include the following:

- Flexi permits would need to be submitted 10 days in advance of the date of the first planned work to give the authority enough time to carry out the assessment.
- Authorities would need to respond within 5 days.
- The maximum fee for a flexi permit would be the same as for a major work on a category 3 and 4 road i.e. £150 to reflect the additional time needed to assess them. Discounts could be offered, for example, if more than one promoter was sharing the flexi permit. The permit scheme statutory guidance would be updated to include this additional fee category.
- Works start and stop notices would need to be sent within two hours for each individual work within a flexi permit.
- Notifications for reinstatements under Section 70 of the 1991 New Roads and Street Works Act would need to be sent for each individual work within a flexi permit.
- Existing rules around, for example, permit variations and Section 74 (of the 1991 Act) overrun charges would apply to the flexi permit as now with regular permits.
- Other promoters could share a flexi permit for any joint works.
- To help the authority know what flexi permits are likely to be submitted, we propose to include a requirement for promoters to submit a forward plan showing the programme of works to be carried out in an area at least 30 days before submitting a flexi permit. Flexi permits could only then be submitted if they are linked to a forward plan. This would help the authority to coordinate works more effectively, and other promoters would be able to see where flexi permits might be being applied so they could either share the flexi permit or re-arrange the timing of their works. An area covered by a forward plan might cover a number of flexi permits.
- Penalties, as now, would be applied, for example, for working without a permit including Fixed Penalty Notices (FPNs). Any new penalties would need primary legislation in any event, and this consultation is only considering changes to secondary legislation.

#### Measure 2: Allowing phases within a permit

- 38 We propose amending the 2007 Permit Regulations and the 2009 Charging Regulations to allow phasing within a permit. This will mean that details of the phases and the proposed times would be included in the permit applications for standard and major works.
- 39 Phases would need to include information about when traffic management, footway or carriageway closures are in place. There could be no phases within a permit, one phase

in a standard work, or several phases within a major work. We assume there would be no phases within a minor work.

- 40 The 2009 Charging Regulations would be amended to require updates to be sent to Street Manager within two hours of each phase beginning or ending. This will ensure that more accurate and more detailed updates can be provided to road users through Street Manager's open data stream. So they will, for example, know when the permit starts but, more importantly, when the traffic management or carriageway or footway closures are in place and their journey will be affected.

Measures 3 and 4: Including notifications about Section 58 and 58A road restrictions in Street Manager (measure 3) and (measure 4) carrying over exemptions from restrictions to regulations covering permit schemes

- 41 Workshops and discussions in 2020 identified the current issues with these communications being by email and discussed the option of using Street Manager which is the only practical alternative solution. We discussed whether there was need for (measure 4) carrying over exemptions from restrictions to regulations covering permit schemes and it was agreed by representatives that this could solve the issues that have been identified.
- 42 Notices about road restrictions that can be put in place under Section 58 and Section 58A of the 1991 Act are currently required as follows:
- The authority needs to give three months' notice to utility companies before substantial works are planned (20 days for 58A highway works) that will lead to restrictions on completion.
  - The authority needs to send a cancellation notice if works or restrictions are no longer required.
  - A statutory undertaker needs to notify the authority that they have works planned.
  - The authority needs to issue a restriction in force notice once substantial works are completed to notify the start of restrictions.
- 43 We propose amending the 2007 Noticing Regulations to require that these notices are sent using Street Manager's user interface or via an advanced programming interface (API) with another system, so that Street Manager becomes the single source of information about Section 58 and 58A road restrictions. This should ensure that timely information is provided to all the utility companies who need to be informed, it will benefit both these and authorities when it comes to planning restrictions and scheduling works, and it will provide consistency in terms of process and communications. Authorities would still need to email other interested parties, for example, householders with frontages on the street.
- 44 We propose adding the exemptions listed in the 2007 Noticing Regulations to the 2007 Permit Regulations so that they are available for use in highway authority areas that operate permit schemes. This will help to overcome the issues that have been identified. We also propose adding a new exemption to the 2007 Permit Regulations for works being carried out as a joint work with another works promoter to encourage collaboration, trench or permit sharing or use of service tunnels/shared ducts.

Measures 5 and 6: Requiring works start and stop notices to be sent within two hours at weekends (measure 5); and requiring highway authorities to submit start and stop notices for their works

- 45 These measures are being proposed by Government to improve the detail, coverage and timeliness of information on live and planned works to road users. They enhance and expand on changes made in July 2020 which were designed to make real time updates on live and planned works available through an open data stream from Street Manager to technology companies who can use it in, for example, SATNAVs, journey planning apps, disruption models, etc., for the benefit of road users.

- 46 We propose (measure 5) amending the 2009 Charges Regulations to require "actual start of works notices", "works clear notices" and "works closed notices" to be given within two hours on any day, including weekends so that more accurate updates can be provided to authorities and to road users through Street Manager and its open data stream.
- 47 This would mean the requirements would be as shown in the table below and would apply to any day, regardless of whether it is a weekday, weekend or Bank Holiday.

Works starting/closing 00.00am-7.59am	Notices to be sent by 10.00am the same day
Works starting/closing 8.00am-4.30pm	Notices to be sent within 2 hours after start of works, so by 6.30pm
Works starting/closing 4.31pm-11.59pm	Notices to be sent by 10.00am the next day

- 48 We propose (measure 6) amending the 2007 Permit Regulations to require highway authorities to submit "actual start of works notices", "works clear notices" and "works closed notices" for their own 'works for road purposes' in line with the requirements set out in the table above.
- 49 This will mean that more accurate and comprehensive data will be submitted to authorities and road users, and will bring parity of treatment to authorities whose works can often cause the same levels of congestion as utility companies.

Measures 7, 8 and 9: Street works inspections

- 50 The proposed changes relating to street works inspections have been discussed on an ongoing basis for some time with HAUC's Inspections Working Group. Different options were considered for measures 7, 8 and 9. (see below).
- 51 We propose (measure 7) to amend the 2002 Inspection Regulations to simplify the basis of calculating inspection units and to use Street Manager to automatically calculate inspection units based on a simpler definition that would be based on the dimensions of the reinstatement. This would improve accuracy and reduce administration costs and disputes. The dimensions of a reinstatement are already entered in Street Manager when the reinstatement is registered.
- 52 The precise formula by which an inspection unit would be calculated is that all works with an area equal to or under 7.6m<sup>2</sup> would have 1 inspection unit assigned to them. For every 7.6m<sup>2</sup> over this area size, an additional inspection unit would be assigned.
- 53 The table below demonstrating the assignment of inspection units based on the new calculation.

Size of works area (up to and including m <sup>2</sup> )	Number of Inspection Units assigned
7.6	1
15.2	2
22.8	3
30.4	4
38	5

Table 1 Inspection Unit examples

- 54 We did not consider any additional measures. The current calculation is complex and the Inspections Working Group have spent a significant amount of time being unable to agree a new methodology. Based on the data we have available at this time, we consider this

approach to be the most robust. We anticipate the receipt of further data which will enable us to further evaluate this proposal.

- 55 We propose (measure 8) to amend the 2002 Inspection Regulations and include additional information in the Inspections Code of Practice to set up a new system of banded, performance-based inspections so that poor performers will be inspected more, and consequently pay more in inspection fees, than those who comply with the requirements for reinstatements. This will provide an incentive for better performance, it should reduce the number of defective reinstatements and additional works to repair them, it will help authorities to target inspections and it will reward good performers who spend time and money on compliance.
- 56 Performance will be assessed on the basis of sample inspections failure rates, which will be subject to both in-month and annual review, as outlined below. Failure rates will be determined by the number of non-compliant reinstatements reported to Street Manager. Reinstatements that do not comply with the SROH will continue to be deemed as non-compliant reinstatements. Data taken from Street Manager about inspection category and outcome will be used to calculate performance bands of statutory undertakers within regions. Statutory undertakers are the various companies and agencies who have legal rights to carry out works on the highway. These calculations will be used to determine the baseline, chargeable allocation annually and, where performance indicates, in-month enhanced inspections.
- 57 The performance bands will operate on a point scoring system (annual) and traffic light system (in-month) as per the table below:

<b>Failure rate (%)</b>	<b>Point Score</b>	<b>Traffic Light</b>
0.00 – 4.99%	1	Green
5.00 – 9.99%	2	Amber
≥10.00%	3	Red

Table 2 Allocation of Inspections banding criteria

The sample inspection system is the procedure by which an authority can regularly establish the overall performance of each undertaker operating in its area. The amended system will still utilise inspections of a structured random sample of works at various stages during the works and reinstatement guarantee period.

There are three stages at which significant information on undertakers’ performance can be obtained. These are categorised as follows:-

<b>Inspection Category</b>	<b>Timing of Inspection</b>
<b>A</b>	Undertaken during the progress of the works
<b>B</b>	Undertaken within the six months following interim or permanent reinstatement date
<b>C</b>	Undertaken within the three months preceding the end of the guarantee period



Each row on the table below indicates possible scoring under the new sample allocation. Note: this isn't an exhaustive list, but indicates the potential range of sample allocation inspections from 22.5% to 37.5%.

Categories A - C			Annual Chargeable Sample Allocation
Category (A - C)	Category (A - C)	Category (A - C)	
1	1	1	22.50%
1	2	1	25.00%
1	2	2	27.50%
1	2	3	30.00%
2	2	2	30.00%
2	2	3	32.50%
1	3	3	32.50%
2	3	3	35.00%
3	3	3	37.50%

Each column represents one of Category A, B or C. The score represents the traffic light score as determined by the failure rates in street manager. Please see the table above for the calculation of the score.

Table 3 Allocation of Inspections examples

- 58 The baseline chargeable allocation is a total of 22.5% across all three inspections categories. This could be achieved with defect failure rates of 4.99% or less at the end of the 12-month period across all categories.
- 59 The maximum chargeable allocation is a total of 37.5% across all three inspections categories, which would be attained should performance decline in all categories – 10% and above.
- 60 The tolerance between the categories of chargeable sample allocations would be zero. Each category is to be split equally within the total allocation. For example, if the sample allocation is 27.5% of the total inspections allocation, that total would be split equally between each category and will be inspected 9.16% of the total number of works (Cat A = 9.16%, Cat B = 9.16%)
- 61 In addition to the annual chargeable allocation, we are also proposing in-month reviews of failure rates again reported by Street Manager. This is to allow authorities to manage poor performance throughout the year.
- 62 The traffic light system will be used monthly to determine whether promoters will need to enter banded enhanced inspections within the year. Should failure rates within a category score 10% or above, this will result in a red score as per the table above. The promoter will have a one-month grace period in which to turnaround performance. Should failure rates not return to amber after this period, the promoter will enter banded enhanced inspections.
- 63 We are proposing that the increase is per inspections category. For example, should a promoter score red (failure rate of 10% or greater) in Category A, but score green in Category B and C, the promoter will only see enhanced inspections of Category A and not across Categories B and C.
- 64 Banded enhanced inspections are the percentage of additional chargeable sample inspections that can be applied per month of adverse performance beyond a period of one month. The percentage increase will be based on the total annual units allocation (not the chargeable sample total) and are applied in addition to the annual allocation.

65 The table below, shows the proposed banded scoring;

Month	% of enhanced chargeable inspections
1	zero (grace period)
2	10%
3	20%
4	30%
5	40%
6	50%
7	60%

Table 4 Proposed banding of enhanced chargeable inspections

- 66 Other options considered included; amending the current sample inspection system. The 2002 Inspection Regulations allow authorities to charge up to a set number of inspections each year. The definition of a chargeable inspection is set out as follows: authorities can carry out as many inspections as they like, but can only charge for a random sample of not less than 10% and not more than 10.5% of each of three phases of works, and not more than 30% of the total number of reckonable units of inspection in any year. We considered removing the 30% chargeable cap on sample based inspections and reforming the three categories into a phase system – category A = live site inspection, category B and C = reinstatement inspection. In the phase system, highway authorities would be able to flex the sample allocation between the two phases within the overall 30% cap. In the removal of the chargeable cap, this would allow highways authorities the ability to charge sample based allocations based on performance. We decided not to pursue this measure as the policy did not provide enough incentive for works promoters for positive performance. There was also a worry that this system would be open to abuse if not regulated robustly. The flexible system had vocal support from the Inspections Working Group, however the proposal doesn't offer highways authorities a mechanism to improve adverse performers as it does not introduce any new mechanisms that would specifically target undertakers with a higher failure rate of road reinstatements, a key issue that needs resolving to help reduce congestion on roads through more right first time road reinstatements.
- 67 We propose (measure 9) to include advice in the Inspections Code of Practice that the three separate defect fees (current total of £142.50) are consolidated into a single defect fee calculation. The three fees are for: a joint inspection with the authority to determine the nature of the failure and what remedial works need to be undertaken, an inspection by the authority of the remedial works in progress, and an inspection by the authority when the remedial works have been completed.
- 68 If a utility company fails an inspection, it must repair the defective reinstatement. Authorities can then charge a fee for a follow-up inspection to inspect the repair and check it has been carried out to the required standard. As with fees for the initial inspections, there is currently a complex calculation for the follow-up inspections and for any joint inspections that might be carried out by the authority and the utility company. This often leads to disputes between authorities and works undertakers, which in turn leads to more congestion as delays to reinstatements impact traffic flows.
- 69 Consolidating the three fees will help overcome the current issues and disputes, simplify the fee rate and note it in the guidance so it is clear what the fees should be.
- 70 After discussion with the Inspections Working Group, we are proposing that the newly proposed consolidated defect inspection fee should be set at £120. This payment would cover any and all defect inspections carried out on a reinstatement. This level is intended to ensure the authority recovers its costs. As well as the additional permit and permit fee required to repair defects, this should also act as deterrent and encourage more right first time reinstatements.

71 Other options considered included: consolidation of the defect fees but with an increased total fee; and non-consolidation of the defect fees also with an increased total fee. Initial data evaluations performed by the Inspections Working Group revealed that the average total fee amounted to an average of £120. This is a decrease on the current fees of £142.50, thus any increases to the total fee at this time lack support of the industry. Non-consolidation of the defect fees was also ruled out, as one of the main goals was to seek a clearer charging structure. Consolidation will also reduce the burden for utility companies to attend joint inspections.

#### Measure 10: Amending the list of reasons highway authorities can use to designate roads as traffic sensitive

- 72 Amending the list of reasons highway authorities can use to designate roads as traffic sensitive was suggested by HAUC and the proposal was discussed at a workshop in 2020. We propose amending the 2007 Noticing Regulations to ensure the traffic sensitivity designation is only used for the roads that carry the most traffic or where road works could adversely affect traffic, including buses and freight deliveries, cyclists and pedestrians.
- 73 At present, only one of the criteria needs to apply in order for a road to be designated as traffic sensitive. Designating roads as traffic sensitive helped authorities to manage works under the system of notices issued under the 1991 Act, which was the previous system used by authorities before permit schemes were introduced. It meant that the times works could take place on, for example, roads with high volumes of traffic or which carry a large number of HGVs could be restricted to certain working times and days of the week. Permit schemes are now in use by almost every authority and allow them to specify working hours and working days on each permit to minimise the impact of works on congestion.
- 74 Traffic sensitivity is still used, however, to help with planning and managing works but we propose to review the criteria to ensure they are still relevant and not overly burdensome in terms of restricting time and days when works can take place. We are consulting on two options. One option is to keep the current list but require that two criteria need to apply. This would mean, for example, a tourist route would need to, in addition, carry more than eight buses an hour in both directions.
- 75 An alternative option would be to maintain the need for one criteria to apply but remove if a road (f) is designated by the authority as part of its winter maintenance programme; (i) is on a tourist route or within an area where major events take place; and (c) is covered by a congestion charge. In these cases, and any others such as peak times or when the school day ends or over Christmas, the permit could be used to control when the works took place and the working times.<sup>22</sup>

#### Measures 11, 12 and 13: Additional information about works, definition of major works and notice about intention to charge an overrun charge under Section 74 of the 1991 Act

- 76 The consultation seeks views (measure 11) on how to improve the provision of information to highway authorities about activities related to the works covered by a permit or equipment placed on adjacent roads. The aim would be to improve consistency, clarify requirements, support the authority's ability to manage the network and reduce the current number of disputes.
- 77 We propose to include a section within a permit application for additional information to be provided, with no additional fees applied. This section would need no assessment or approval and would simply be noted by the authority. It would only be completed if there is relevant information to be provided about the list of items set out in the coordination code of practice. It may be easier, in administration terms, to complete the information section at the time of the permit application but there may be some works where the information is

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<sup>22</sup> (f), (i), (c) refer to specific sub-clauses of the regulation referred.

not yet known, for example, for major works. Updates could, however, be provided at a later date with no charges or fees applied.

78 We propose (measure 12) to further amend the 2007 Noticing Regulations to deal with confusion around the amended definition of major works and to remove the current subparagraph (a) below:

“major works” means—

- (a) [street works which would normally be planned or known about at least six months in advance of the date proposed for the works];
- (b) street works, other than immediate works, where—
  - (i) the street authority has indicated to an undertaker; or
  - (ii) an undertaker considers,

that an order under section 14 of the 1984 Act (temporary prohibition or restriction on roads) is required; or

- (c) street works - other than immediate works - the planned duration of which exceeds ten days;

79 This will mean that there are only two criteria relating to the definition, so the classification will only apply to works that require a Temporary Traffic Regulation Order or that have a planned duration of more than 10 days.

80 We propose (measure 13) to amend the 2009 Overrun Regulations and the 2007 Noticing Regulations to add a requirement for the highway authority to notify the utility via Street Manager that an overrun charge is being applied. This would be called an ‘intent to charge’ notice and would be sent in advance of the invoice.

## 2.0 Costs and Benefits

81 This section sets out our assessment of the costs and benefits of the two options. The baseline option (option 0), whereby no Government intervention is undertaken, is the ‘do nothing’ scenario and is used as the counterfactual against which the costs and benefits of all other options are compared. Therefore, the costs and benefits of option 0 are nil.

82 As this proposal is not time-limited, the costs and benefits have been assessed over a 10 year appraisal period, which is the default period specified in the Better Regulation Framework Manual<sup>23</sup>. Since this proposal will be implemented in 2022, the 10 year appraisal period begins on this date.

83 Unless stated otherwise, all values are presented in 2020 prices; and where costs and benefits are expressed in present value terms, they have been discounted to their present value in 2020 using a discount rate of 3.5% per year, the discount rate recommended by the Green Book<sup>24</sup>.

### Option 0 – Do Nothing (baseline option)

84 No Government intervention is taken in this option, therefore the costs and benefits are 0. This option is the baseline scenario and used as the counterfactual against which the costs and benefits of other options are compared.

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<sup>23</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/916918/better-regulation-guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916918/better-regulation-guidance.pdf)

<sup>24</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)

## Option 1 – Do Something

85 The preferred option is a series of amendments to legislation to support the optimal use of Street Manager. There will be no changes to the charges that users pay for Street Manager and therefore have not been considered within the analysis.

### Summary

#### *Monetised Costs*

- Familiarisation costs (direct)
- Permit fees (direct)

#### *Unmonetised Costs*

- Administration costs (direct)
- Inspection Unit fees (direct)
- Defect fees (direct)

#### *Monetised Benefits*

- Congestion cost savings from permits (direct)
- Congestion cost savings from reduced reinstatements (direct)
- Time savings from processing flexi permits (direct)

#### *Unmonetised Benefits*

- Access to data allowing the public to be better informed to make better travelling decisions reducing congestion on roads (indirect)
- Time savings from a simplified inspections units calculation process and defect fee (direct)
- Reduced confusion and disputes from a clearer understanding of policy (direct)

### Costs

#### *Transition Costs*

##### Familiarisation costs for utility companies

86 We have estimated that each utility company will take 2.5 hours to understand the changes in legislation and what the changes mean for them. Using the Street and Road Works 2020 statutory instrument<sup>25</sup> as a proxy for the word count of the new legislation, we estimate the new legislation will be approximately 5,000 words. Assuming a reading speed of 100 words per minute<sup>26</sup> due to the technical nature of the legislation, this means it will take 50 minutes to read the changes. However, we assume that three readings are required to fully understand the legislation which gives the figure of 2.5 hours. Overall, there are 100 promoters<sup>27</sup> and each of them will be affected by the regulation change. We assume one person per organisation needs to familiarise and will relay the important changes it means for their organisation to their colleagues. The uplifted mean hourly wage for a person working in the administration and secretarial occupation is £14.61 based on the ONS ASHE dataset<sup>28</sup>. . This cost applies in year 1 only.

<sup>25</sup> <https://www.legislation.gov.uk/ukSI/2020/122/made>

<sup>26</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/609201/business-impact-target-guidance-appraisal.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/609201/business-impact-target-guidance-appraisal.pdf)

<sup>27</sup> Street Manager data

<sup>28</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyindustry2digitsicashetable5>

## Familiarisation cost for HAs

87 Each highway authority (HA) is also assumed to take 2.5 hours to read and understand the new legislation and the impacts it has on them based on the same assumptions as above. There are 155 HAs<sup>29</sup> and each will be affected by the regulation change and one person per organisation is expected to familiarise. As above, the uplifted mean hourly wage for a person working in the administration and secretarial occupation is £18.48. Therefore, the direct business cost for HAs will amount to approximately £7.2k. This cost applies in year 1 only.

	Hours per organisation	Number of organisations	Total number of hours	Total cost
Business (Utility Companies)	2.5	100	250	£4.6k
Non-business (HAs)	2.5	155	388	£7.2k
<b>Cost to familiarise with regulation change</b>				<b>£11.8k</b>

Table 5 Familiarisation costs of new policies<sup>30</sup>

## On-going Costs

### Permit fees

88 Flexi permits are only applicable to minor and standard works. The total number of minor and standard works have been calculated by extrapolating five months of Street Manager data (which went live in July 2020) to arrive at an annual figure. This has been extrapolated linearly as we have no evidence for or against seasonality in the data. As Street Manager continues to be used, we will have more data points to evaluate whether this is the case or not. We also do not know what impact, if any, COVID-19 has had on the number of works as Street Manager only went live in July 2020. We will look to gather responses on whether these assumptions hold true at consultation and further update this analysis for the final-stage IA once more evidence is realised and available in the future.

89 Then, the number of eligible works within each industry have been calculated. The following assumptions are evidenced based on analysis from a UK utility company in the telecoms industry who cannot be identified due to commercial sensitivity. We trust their assumptions are accurate based on their size and the amount of works they carry out in the sector however given the limited variety of sources of evidence we will test these assumption at consultation. It is assumed that 75% of works are in geographic regions in which flexi permits would be useable e.g. urban areas. Out of these regions, the central percentage estimates of works eligible are assumed to be 56% for a telecoms company and 20% for an electricity company based on feedback received from these type of companies. We have not received any feedback for water or multi-utility companies so have assumed a conservative 10% for each based on policy expertise and informal engagement within the industry. We think are central estimates are reliable based on our sources. Low and High scenarios have been modelled around these central estimates and we have been very conservative in these estimates due to the uncertainty involved. For this reason, we have assumed a high estimate of only 5% higher than the central scenario while assuming 10% lower for the low scenario to ensure we do not overestimate any potential impacts. We would rather underestimate the potential impacts than overestimate them. We welcome views at consultation from all types of organisations on what stakeholders think the low/central/high estimates may look like for their respective organisations.

<sup>29</sup> Street Manager data

<sup>30</sup> Totals may not sum due to rounding

Percentage of works eligible for flexi permits	Low	Central	High
Electricity	10%	20%	25%
Gas	0%	0%	0%
Multi Utility	5%	10%	15%
Telecoms	30%	56%	65%
Water	5%	10%	15%

Table 6 Eligible works of suitable geographic regions

90 It is assumed that the benefit of flexi permits will apply on an average of six USRNs per permit based on findings from the aforementioned utility company as it is not expected that 10 streets will always be possible due to limiting parameters. This is because it may not be logically feasible to do certain works. For example, works spanning across say 10 streets at one time could cause significant amounts of disruption, and there may be streets which utility companies currently complete as non-registerable works such as pole testing and traffic census surveys<sup>31</sup>. It is assumed that 25% of individual permits are cancelled by either the utility or authority works promoter for a variety of reasons including work no longer needed, duplicate permit exists, need to reschedule/move the start date, and errors in the permit application but it is assumed only 5% of flexi permits will be cancelled (this assumption will be tested at consultation). As a result, the calculation of permits in the baseline vs the preferred option are as follows.

Scenarios	Flexi Permits	Individual permits
Baseline	0	1.46m
Low	33k	1.26m
Central	63k	1.09m
High	75k	1.01m

Table 7 Number of permits in each scenario<sup>31</sup>

91 It is assumed that moving from the existing permit scheme to a flexi permit scheme would result in cost savings to businesses due to a reduction in the amount of fees paid per year (driven by the lower amount of permits in the poly line relative to the baseline). The average fee paid for individual permits affected is assumed to be £47 based on feedback received from a telecoms company. The fee for a flexi permit will be £150. Calculating the costs of the low, central, and high scenarios vs the baseline can be seen below.

	Baseline	Low	Central	High
Total cost to promoters	£68.7m	£64.3m	£60.4m	£58.8m
Difference from baseline	-	-£4.4m	-£8.3m	-£9.9m

Table 8 Cost savings to promoters<sup>32</sup>

## Unmonetised Costs

### Administration costs

92 It is worth noting that organisations may need more time at pre-planning stage which might offset some of the time savings from processing them. Flexi permits will be linked to the promoter needing to send a forward plan in advance, showing where flexi permits might be coming in three months' time to help with coordination and planning. This means there may be higher administration costs in submitting the flexi permits compared to the current individual permit system. The proposed fee of £150 for flexi permits would allow the authority to recover their administration costs from utilities and there could be overall savings bearing in mind the individual fees and administration for minor and standard permits. The permit fees for minor and standard permits on reinstatement category 3 and 4 roads are a maximum of £45 and £75 respectively. To help identify more detailed impacts,

<sup>31</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/49521/pdfpermitscop.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/49521/pdfpermitscop.pdf)

<sup>32</sup> Totals may not sum due to rounding

Openreach is working with a small number of authorities to trial use of flexi permits. Results are due in the next few months. We plan to use the results of the trial to monetise flexi permit costs and benefits in the final-stage IA. However, we welcome any additional evidence organisations have on this matter through consultation before the final-stage IA.

Inspection Unit fees

- 93 Street Manager would automatically calculate inspection units (IUs) based on the dimensions of the reinstatement. The precise formula by which an inspection unit would be calculated is that all works with an area equal to or 7.6 m<sup>2</sup> would have 1 inspection unit assigned to them. For every 7.6m<sup>2</sup> over this area size, an additional inspection unit would be assigned. Please refer back to paragraph 50 and onwards for more detail.
- 94 The methodology is based on Street Manager data from August to December 2020 on the size of all works carried out within 14 HAs.<sup>33</sup> This figure has been extrapolated to calculate the sum of area for each borough over a 12 months basis. This has been extrapolated linearly as we have no evidence for or against seasonality in the data. These 14 HAs have sent us their inspection unit data for the previous three financial years. We have matched up their respective sum of areas to their inspection units to calculate the sum of area per inspection unit.<sup>34</sup>

Authority	Annual sum of area (m <sup>2</sup> )	Inspection units per year	m <sup>2</sup> per IU
HA 1	43,032	5,747	7.5
HA 2	20,012	4,038	5.0
HA 3	185,874	33,227	5.6
HA 4	91,501	10,162	9.0
HA 5	36,723	5,010	7.3
HA 6	24,022	4,062	5.9
HA 7	43,450	3,673	11.8
HA 8	38,071	6,550	5.8
HA 9	92,936	6,102	15.2
HA 10	23,159	5,196	4.5
HA 11	20,143	4,073	4.9
HA 12	24,372	3,967	6.1
HA 13	22,264	6,245	3.6
HA 14	162,632	10,608	15.3
<b>Weighted Average sum of area per IU (m<sup>2</sup>)</b>			<b>7.6</b>

Table 9 Calculation of sum of area per inspection unit

- 95 As can be seen in table 9, there is a wide range from 3.6m<sup>2</sup> in HA 13 to 15.3m<sup>2</sup> in HA 14. However, this figure will average out on an aggregate basis and for promoters working across regions. There may be potential risks to promoters from certain industries or who only work in certain regions. This means that, while on aggregate the number of IUs will remain the same, there may be a disproportionate difference on an organisational level. We are therefore looking into having coefficients to amend the value by a certain proportion based on this following industry responses through consultation.
- 96 The cost of the IU fees have not been calculated due to the fact we do not have data on the current total amount of inspection units per year across all highway authorities. However, we believe there will be no change in fees between the baseline and the preferred option based on our analysis. This is because, based on our analysis, the 7.6m<sup>2</sup> figure will result in the same total number of inspection units on average across all utility

<sup>33</sup> We received data from 14 HAs. However they are from a range of boroughs from small ones such as RBKC to large one such as Kent. We are hoping that we can get close to all HAs to respond to boost the representativeness of the sample as part of consultation.

<sup>34</sup> The inspection unit data are an average of the previous three financial years (which don't vary much over time) The sum of area is based on five months of work (Aug to December 2020) extrapolated to give an annual figure



companies assuming the average is correct. We recognise that utility companies may see a change in inspection units on an individual level dependent on the type and size of works they undertake. The purpose of the figure is to simplify the calculation process while not changing the total number of inspection units on aggregate. We also assume the new banding system for the allocation of inspections will average out at the current 30% figure and therefore have no effect on the aggregate fees paid. We welcome views on this assumption at consultation. If we receive data from all highway authorities on the number of IUs in their respective areas, we can model the change in costs if the new allocation of inspections differs from the presumed 30% average and test different sensitivities. The simplification of the inspection unit calculation is likely to reduce administration costs in assigning the number of IUs to a particular work. However, we do not have sufficient evidence at this time to monetise this.

- 97 It is worth noting that this is a small sample size as we have only received data on inspection units from 14 HAs. We welcome views at consultation and actively encourage all HAs and promoters to send data on their inspection units to DfT. This is to inform the overall figure and any potential coefficients to the value as outlined before.

### Defect inspection fees

- 98 Due to a lack of consistent data on the current scenario about the three defect inspection fees, we have been unable to monetise this baseline cost across the industry and therefore have also been unable to produce the comparison against the preferred option. As a part of the consultation, we will look into gathering data on this subject.
- 99 At present, if a utility company fails an inspection, it must repair the defective reinstatement. Authorities can then charge a fee for a follow-up inspection to inspect the repair and check it has been carried out to the required standard.
- 100 Legislation provides that, where a statutory undertaker has failed to comply with its duties to reinstate, it shall bear the cost of:
- A joint inspection with the authority to determine the nature of the failure and what remedial works need to be undertaken,
  - An inspection by the authority of the remedial works in progress, and
  - An inspection by the authority when the remedial works have been completed.
- 101 These inspections are known as 'defect inspections'. The subject of defect inspection fees has been an issue for some time as it creates disputes and confusion as the process is applied differently by authorities.

## **Benefits**

### Measure 1

#### Congestion cost savings to road users

- 102 Flexi permits encourage better planning of work and submission of forward plans through the use of a singular permit for multiple works. Some congestion cost savings will be realised through more collaboration and joint works and better planning for those involved in undertaking street works. For the congestion cost savings, three scenarios have been modelled; low, central, and high. A reduction in number of work days of 0.01%, 0.02%, and 0.03% for minors and standards have been assumed to reflect the faster completion of works by the utility company. These are very conservative estimates that we will test at consultation.<sup>35</sup> This has been calculated respectively for electricity, multi-utility, telecoms and water works. These are small behavioural changes that indicate the likely benefits of

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<sup>35</sup> The Street Manager IA assumed 0.05%, 0.10%, 0.15%. This was tested at consultation and there were no objections. 0.01%, 0.02%, 0.03% are very conservative in comparison and will also be tested at consultation.

flexi permits allowing work over multiple streets. Based on feedback received from a gas company, gas works have been excluded from benefit calculations, as there will be no benefits from flexi permits due to the nature of the works carried out

Industry	Minor	Standard	Total
Electricity	43,830	64,368	108,198
Gas	39,804	61,632	101,436
Multi Utility	1,128	3,072	4,200
Telecoms	681,474	86,670	768,144
Water	429,360	50,028	479,388

Table 10 Total number of minor and standard works by industry

103 From the Street Manager IA<sup>36</sup>, we estimate the average duration of works below:

Average duration of work (days)	Minor	Standard
Water	2.4	7.5
Gas	2.4	6.8
Electricity	2.5	7.9
Telecoms	2.9	9.4

Table 11 Duration of works by industry

104 From table 10 and table 11, we can calculate the total number of work days for each industry:

Total number of work days	Minor	Standard
Electricity	109,575	662,990
Gas	95,530	419,098
Multi Utility	2,764	22,579
Telecoms	1,976,275	814,698
Water	1,030,464	375,210

Table 12 Number of work days by industry

105 We can monetise the benefits of a reduction in work days using congestion cost impacts per day calculated from the Evaluation of Permit Schemes Report 2018. The congestion cost impact per day for a minor work is £102.52 and a standard work is £165.30 in 2010 prices<sup>37</sup>. Uplifting to 2020 prices, we calculate £122.40 and £197.30 respectively. Multiplying these by the figures in table 12 and the relative reduction in work days, we can calculate the amount of work days saved in each scenario:

Scenario	Low (0.01%)	Central (0.02%)	High (0.03%)
Reduction in work days from baseline	550	1,101	1,652
<b>Reduction in congestion costs</b>	<b>£75k</b>	<b>£150k</b>	<b>£226k</b>

Table 13 Congestion cost savings from moving to a flexi permit system<sup>38</sup>

106 We can break down the congestion cost savings further into business and non-business road user benefits using Queues and Delays at Road Works (QUADRO) outputs. These were produced by the local authority of Kent and reported in the Lane Rental Impact Assessment<sup>39</sup>. The purpose of the QUADRO program, which was initially developed by the department, is to provide a method to assess the total cost of road maintenance works, including the costs imposed on road users while works are being carried out. They also include a journey reliability uplift of 10% applied to consumer and business outputs<sup>40</sup>. The proportion of each impact is shown table 7. Due to the characteristics of Kent roads and

<sup>36</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/951109/street-manager-impact-assessment.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/951109/street-manager-impact-assessment.pdf)

<sup>37</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/700502/permit-schemes-evaluation-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700502/permit-schemes-evaluation-report.pdf)

<sup>38</sup> Rounded values

<sup>39</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/640877/road-works-the-future-of-lane-rental.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/640877/road-works-the-future-of-lane-rental.pdf)

<sup>40</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/267296/vfm-advice-local-decision-makers.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/267296/vfm-advice-local-decision-makers.pdf)

the size of the borough, we assume they are representative of the whole of England.

Type of impact	Proportion of all benefits
Consumer – journey time savings and reliability	44.4%
Business – journey time savings and reliability	50.5%
Accident	4.4%
Fuel Carbon Emissions	0.8%

Table 14 QUADRO Outputs

107 In the central scenario, there is a reduction in congestion costs of approximately £150k per year. It is worth noting that the above are very conservative estimates based on the limited data we have on the potential behavioural changes encouraged by joint works. The breakdown of the congestion costs by the reported QUADRO outputs is shown in table 8.

Scenario	Low	Central	High
<b>Total congestion cost savings</b>	<b>£75k</b>	<b>£150k</b>	<b>£226k</b>
Business			
Journey time savings & Reliability	£38k	£76k	£114k
Non-business			
Journey time savings & Reliability	£33k	£67k	£100k
Accident	£3k	£7k	£10k
Fuel Carbon	£0.6k	£1.2k	£1.8k

Table 15 Congestion cost savings from flexi permits<sup>41</sup>

### Time savings

108 There will be time savings due to both HAs and promoters needing to process fewer permits under a flexi permit system. There will be greater efficiency under the flexi permit scheme as there would be one application and assessment instead of up to 10 individual permit requests. As explained in paragraph 72, the number of eligible works within each industry have been calculated. Refer to table 2 to see the percentage of works eligible and table 3 to see the total amount of flexi permits in each scenario.

109 Based on a small number of responses received by some HAs, we have assumed the following. For low impact cases, the processing times for an individual permit takes about 5 minutes and about 45 minutes for a flexi permit. For high impact cases, the processing time takes about 1 hour for an individual permit and 3 hours for a flexi permit. We have assumed utility companies take the same amount of time but welcome further views at consultation. We have assumed the central scenario is the average of the two cases outlined above. The overall value of time savings have been calculated by multiplying the hours saved by the mean hourly wage for the administration and secretariat occupation of £14.61 based on the ONS ASHE tables<sup>42</sup>. This figure has been uplifted by 26.5% to account for the non-wage labour uplift in accordance with WebTAG guidance<sup>43</sup> giving a figure of £18.46 per hour. The time savings benefits can be seen below.

#### **Low**

Total hours to process permits	Option 0	Option 1
Total time to process individual permits (HAs)	121,781	105,190
Total time to process flexi permits (HAs)	0	24,885
Total time to process individual permits (promoters)	121,781	105,190
Total time to process flexi permits (promoters)	0	24,885

<sup>41</sup> Totals may not sum due to rounding

<sup>42</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyindustry2digitsicashetable5>

<sup>43</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/940958/tag-a4-1-social-impact-appraisal.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940958/tag-a4-1-social-impact-appraisal.pdf)

Value of time savings	Option 0	Option 1	Difference
Total time savings to HAs	£2.25m	£2.4m	-£0.15m
Total time savings to promoters	£2.25m	£2.4m	-£0.15m

#### Central

Total hours to process permits	Option 0	Option 1
Total time to process individual permits (HAs)	791,573	588,384
Total time to process flexi permits (HAs)	0	117,225
Total time to process individual permits (promoters)	791,573	588,384
Total time to process flexi permits (promoters)	0	117,225

Value of time savings	Option 0	Option 1	Difference
Total time savings to HAs	£14.6m	£13.0m	£1.6m
Total time savings to promoters	£14.6m	£13.0m	£1.6m

#### High

Total hours to process permits	Option 0	Option 1
Total time to process individual permits (HAs)	1,461,366	1,012,205
Total time to process flexi permits (HAs)	0	224,580
Total time to process individual permits (promoters)	1,461,366	1,012,205
Total time to process flexi permits (promoters)	0	224,580

Value of time savings	Option 0	Option 1	Difference
Total time savings to HAs	£27.0m	£22.9m	£4.2m
Total time savings to promoters	£27.0m	£22.9m	£4.2m

Table 16 Scenario analysis of time saving impacts<sup>44</sup>

## Measure 8

### Congestion cost savings to road users and wider society

- 110 Non-compliant reinstatement works are required to be repaired. When the allocation of sample inspections is changed to a performance targeted approach, the non-compliance rate is expected to decrease, therefore the number of repairs required is expected to fall. Road users and wider society will directly benefit from congestion cost savings as a higher compliance rate means there are expected to be fewer repair works causing disruption on the roads.<sup>45</sup> Using Category B failure data from Street Manager as a proxy for non-compliance, we assume the failure rate is 11% of works in the baseline.
- 111 To measure the impact of the reduction in road repair works to road users and wider society, we estimate the congestion cost savings by calculating the work days saved due to the reduction in repairs. For this consultation stage impact assessment, it is assumed that repairs to a non-compliant work take one day (this assumption will be tested at consultation). A reduction in work days is a benefit to road users and the wider society because this means there are fewer works on the roads leading to fewer queues, delays and disruption and therefore improved journey times and journey reliability. These are referred to as congestion cost impacts. Extrapolating five months of Street Manager data

<sup>44</sup> Rounded figures

<sup>45</sup> These congestion impacts are counted as direct in line with RPC guidance:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/790016/RPC\\_case\\_histories\\_-\\_direct\\_and\\_indirect\\_impacts\\_\\_March\\_2019\\_\\_1\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/790016/RPC_case_histories_-_direct_and_indirect_impacts__March_2019__1_.pdf)

to calculate the number of inspections per year gives a figure of approximately 1.1 million a year. To monetise the impact of the reduction in work days due to the reduction in repairs, congestion cost estimates have been used from the Evaluation of Permit Schemes Report 2018<sup>46</sup>. Using figures from the report, the average cost of congestion per work day across all work types uplifted to 2020 prices is £264<sup>47</sup>.

- 112 In the low case scenario, we assume there is no behavioural change whatsoever therefore the number of works that are non-compliant remain the same. There are no benefits in this scenario. The central case assumes a 0.25% reduction in the number of non-compliant works and the high case assumes a 0.5% reduction. We believe these are conservative assumptions but we will ask for feedback at consultation.

Scenario	Baseline	Low	Central	High
% of works that are non-compliant	11.0%	11.0%	10.75%	10.5%
Number of works that are non-compliant	119,722	119,722	117,001	114,280
Congestion cost of repairing a non-compliant reinstatement (repairs done in one work day)	£264	£264	£264	£264
Congestion costs due to the repair of all non-compliant works	£31.6m	£31.6m	£30.9m	£30.2m
<b>Reduction in congestion costs</b>	-	<b>£0</b>	<b>£0.7m</b>	<b>£1.4m</b>

Table 17 Reduction in congestion costs from a change in the allocation of inspections

- 113 In the central scenario, there is a reduction of £718,834 per year in congestion cost due to less reinstatement repairs needed. As explained in paragraph 107, we can break down the congestion cost savings further into business and non-business road user benefits using QUADRO outputs (table 7). The breakdown of the congestion costs is shown in the table 11.

Scenario	Low	Central	High
<b>Total congestion cost savings</b>	<b>£0</b>	<b>£0.7m</b>	<b>£1.4m</b>
Business			
Journey time savings & Reliability	£0	£0.4m	£0.7m
Non-business			
Journey time savings & Reliability	£0	£0.3m	£0.6m
Accident	£0	£0.03m	£0.06m
Fuel Carbon	£0	£0.01m	£0.01m

Table 18 Congestion cost savings from reduced non-compliant reinstatements

### Unmonetised Benefits

- 114 The below table shows the expected scale and directions of impacts. A more detailed explanation as to why they are unmonetised at this stage can be seen in the paragraphs below relating to each measure. We will look to gather more information at consultation to monetise these impacts if possible.

Measure	Impact
Measure 2	Moderate positive impact
Measures 3, 4	Low positive impact
Measures 5, 6	Low positive impact

<sup>46</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/700502/permit-schemes-evaluation-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700502/permit-schemes-evaluation-report.pdf)

<sup>47</sup> The congestion cost impact of all works in scope is £1,631,149,983. Dividing this by the number of work days in scope (7,370,134) equals the average congestion cost per work day of £221. Uplifting this from 2010 prices to 2020 prices provides the average congestion cost per work day of £264.

Measure 7	Low positive impact
Measure 9	Moderate positive impact
Measure 10	Low/no impact
Measures 11, 12, 13	Low/Moderate positive impact

Table 19 Scale of impact of unmonetised benefits

## Measure 2

- 115 Permits can deem if the highway authority does not deal with them within a specified time that is set out in the permit scheme statutory guidance<sup>48</sup>. If permits deem, the organisation carrying out the work can start it on the date specified in the permit application and, if they are a utility company, they do not need to pay the permit fee. It is expected that fewer permits would deem as a result of the authority not being able to deal with volumes of permit applications which, in return, would reduce the number of lost permit fees. This is because the number of total permits processed by HAs would reduce as a result of flexi permits freeing up resource to process them. We do not know the number of how many would deem under the flexi permit scheme to calculate the potential lost fees avoided.
- 116 Phasing within a permit will mean details of the phases and proposed times would be included in the permit applications for standard and major works. Phases would include information about when traffic management, footway, or carriageway closures are in place which, for example, might be for only two weeks of a six week permit duration. Through Street Manager's open data stream, more accurate and detailed updates can be provided to road users on when traffic management or closures are in place and the effects on their journey. Having this information will benefit road users in planning their journey and potentially avoid instances of congestion by finding alternative routes when traffic management is in place.

## Measure 3 and 4

- 117 It is an inefficient method of communication for undertakers to proactively check the Street Authority's (or highway authority) websites for each authority on Section 58 and Section 58A notices. By sending the notices via Street Manager, it removes this burden and ensures all utility companies will be informed in a timely manner. This will result in benefit to both undertakers and highway authorities when it comes to planning restrictions and scheduling works. This means there may be time savings to undertakers in finding the information they need and planning their works. It may also mean there are fewer cancelled works, less need for rescheduling, and reduced delays in delivering customer orders. We do not currently know how much time undertakers spend proactively checking street and highway authority websites for these notices so are unable to model the impacts in a counterfactual.

## Measures 5 and 6

- 118 Requiring highway authorities to submit notices of when works have started or when they have been completed means that road users will be better informed about potential effects to their journey. This should allow for road users to better plan their journey around the works and potentially avoids congestion with road users finding alternative routes in advance. It also means that authorities will be treated fairly and the same as utility companies. There should not be any additional costs to business from this proposal. We are unable to monetise this at this stage as we do not know how many users will access this information and change their behaviour as a result.

## Measure 7

- 119 The simplification of the inspection unit calculation is likely to reduce administration costs and the likelihood of disputes occurring. Street Manager would automatically calculate

<sup>48</sup> <https://www.gov.uk/government/publications/street-works-the-2007-permit-scheme-regulations-as-amended-in-2015>

inspection units based on the dimensions of the reinstatement. This would therefore save the time of the promoter calculating the particular number of IUs for a work and the HA having to verify this. As Street Manager will be automatically calculating the number of IUs based on the size of the work, it is less likely for promoters and HAs to input incorrect information.

- 120 It is expected that simplifying the calculation will result in time savings for HAs in assigning inspection units to promoters. Due to the lack of data on this, we have been unable to monetise the benefit.

#### Measure 9

- 121 By consolidating the three defect fees into one fixed fee, there is a clearer charge structure, it ensures all inspection charges are paid, prevents repeat inspections, and reduces the burden for utility companies attending joint inspections. This should result in potential time savings and more efficient inspections. Due to a lack of suitable data, we have been unable to monetise the benefits but we are aiming to update this for the final IA. We welcome any data organisations can send to us on defect fees to feed into the final IA on the number of defect inspections and number of repeat defects through the consultation.

#### Measure 10

- 122 If, following consultation, changes are made to the criteria used for designating certain roads as being traffic sensitive, this could remove certain restrictions on when works can take place as working days and times could be controlled on a case by case basis as part of the permit application. It is not however possible to estimate the impact or to quantify it due to a lack of available data. We do not believe that, as permit schemes now operate in almost every authority area, there would be a significant impact from this change but we would welcome any information from organisations on how they believe this measure could impact their operations.

#### Measures 11,12, and 13

- 123 Providing additional information as part of the permit application would improve the authority's ability to manage their network and reduce the current number of disputes. This is because the information would improve consistency and clarify requirements. As this will allow authorities to better manage their network, it is expected there will be some benefits to road users through better planned works. This change would also reduce the number of separate forms and administration tasks that works promoters are asked to complete.
- 124 Changing the definition of major works will reduce confusion and debate in the sector of when works are known about in advance. By simplifying the definition to two criteria, it should result in fewer disputes and a clearer understanding for all stakeholders.

### **Business Impact Target Calculations**

- 125 Under section 22 of the Small Business, Enterprise and Employment Act (SBEE) 2015, taxes, duties, levies or other charges (including fees) made by or on behalf of a public body are not considered regulatory provisions. As such, while monetised and included in the NPV, these are excluded from the EANDCB and BIT score calculations.

#### Option 0:

- 126 In the baseline option, there are no changes to legislation and therefore no direct costs or benefits to businesses. The EANDCB score is £0m in the do-nothing scenario.

#### Option 1:

- 127 The revenue lost by HAs from reduced permit fees are included within the NPSV, however they are excluded from the EANDCB. This is because HAs are public bodies. Only the cost savings to promoters are included in the EANDCB because these have a direct effect

on businesses. Unless otherwise stated, all figures are in 2020 prices and refer to the central scenario.

- 128 There are cost savings of £8.2m per year to businesses from moving to a flexi permit scheme compared to the current permit scheme. In addition to this, there are negligible one-off familiarisation costs (£5.5k) to businesses in reading and understanding the new legislation. There are no expected changes to the cost of reinstatement inspection fees due to the fact the proposed 7.6m<sup>2</sup> figure is designed to keep the number of inspection units the same as in the baseline. It is also assumed that the average allocation of inspections remain at 30% even with the increased flexibility of the new system.
- 129 The benefits to businesses of the legislation are estimated to be £1.6m of time savings from processing fewer permits and £0.4m from reduced journey time and reliability. This totals £2.0m of benefits to businesses per year. The net impact to businesses has been estimated at -£9.3m which is above the ±£5m EANDCB threshold.

### Sensitivity Analysis

- 130 Sensitivity analysis has been included in-line within the costs and benefits with low, central, and high estimates to mitigate against potential variations in key input variables. Table 12 below addresses the core assumptions used in the modelling.

Assumption	Description	Figures used			Source	
Mean hourly wage	Wage for administration and secretarial occupation excluding overtime	£14.61			ONS ASHE Table 5.6a	
Non-wage labour uplift	Uplift to account for non-wage payments	26.5%			TAG unit A4.1	
Familiarisation costs	Estimates of the time taken for organisations to familiarise with the regulation change	Time taken to familiarise with regulation for promoters per organisation (hours)	2.5		Business Impact Target Appraisal of guidance	
		Time taken to familiarise with regulation for HAs per organisation (hours)	2.5			
Eligibility assumptions of flexi permits	It is assumed that 75% of current individual permits will sit in suitable geographic location and 6 USRNs are covered on average per flexi permit	75% geographic regions 6 USRN per flexi permit			Engagement with contacts from the utility company in the telecoms industry	
Percentage of works eligible by industry	Within the 75% of works in a suitable location, this is the percentage of works in which the flexi permit scheme can be utilised by industry		Low	Central	High	Engagement from an electricity, gas, and telecoms company. Modelling assumptions
		Electricity	10%	20%	25%	
		Gas	0%	0%	0%	
		Multi Utility	5%	10%	15%	
		Telecoms	30%	56%	65%	
		Water	5%	10%	15%	
Cancellations of individual permits and flexi permits	The % of individual permits that are cancelled currently and the % of flexi permits predicted to be cancelled	Cancellations individual permits: 25% Cancellations flexi permits: 5%			Feedback from a telecoms company	



Average cost of individual permits	The average cost of an individual permit in the current system for minors and standards	£47	Feedback from a telecoms company												
Average cost of flexi permit	The average cost of a flexi permit in the newly proposed system	£150 <sup>49</sup>	New policy proposal												
Time savings from flexi permits	The number of minutes to process individual permits vs flexi permits. Assumed the same processing times for both HAs and promoters	<table border="1"> <thead> <tr> <th></th> <th>Low</th> <th>Central</th> <th>High</th> </tr> </thead> <tbody> <tr> <td>Minutes to process individual permits</td> <td>5</td> <td>32.5</td> <td>60</td> </tr> <tr> <td>Minutes to process flexi permits</td> <td>45</td> <td>112.5</td> <td>180</td> </tr> </tbody> </table>		Low	Central	High	Minutes to process individual permits	5	32.5	60	Minutes to process flexi permits	45	112.5	180	Stakeholder engagements from highway authorities
	Low	Central	High												
Minutes to process individual permits	5	32.5	60												
Minutes to process flexi permits	45	112.5	180												
Gas works unaffected	We assume, due to the nature of the type of works, gas works will not be affected by the flexi permit system	N/A	Stakeholder engagement with a major gas company												
Time taken to repair non-compliant work	We assume that it takes 1 day on average to repair	1 day	Policy knowledge. We will look to gather more evidence at consultation.												
Percentage of sample inspections of total inspection units	Assume HAs conduct 100% of the sample inspections they are entitled to charge for and that the overall figure remains the same in the do something	30%	Stakeholder engagements/policy knowledge. We look to gather more evidence at consultation.												
Non-compliance rate	Used data on Category B failures as a proxy for non-compliant works	11%	Street Manager												
Reduction in non-compliant inspections due to proposal	The reduction in non-compliant works as a result of better targeted inspections at poor promoters	<table border="1"> <thead> <tr> <th>Low</th> <th>Central</th> <th>High</th> </tr> </thead> <tbody> <tr> <td>0.00%</td> <td>0.25%</td> <td>0.50%</td> </tr> </tbody> </table>	Low	Central	High	0.00%	0.25%	0.50%	Modelling assumptions based on policy knowledge. We look to gather more evidence at consultation.						
Low	Central	High													
0.00%	0.25%	0.50%													

Table 20 Assumptions

<sup>49</sup> This is the same cost as permit application for a major work on a category 3 or 4 road and is assumed to be a suitable proxy for the admin costs associated with a flexi permit.

### 3.0 Risks and unintended consequences

- 131 The policy should be able to be enforced through highway authorities taking appropriate action against those not adhering to the legislation changes. Undertakers will have to satisfy the requirements set out by DfT and monitored by HAs. Agents' behaviours are expected to change to meet these requirements due to the aforementioned monitoring by HAs. Legislation in which HAs need to abide to new legislation such as works starts and stops notices will be monitored via Street Manager.
- 132 There are no expected unintended consequences from the policy.
- 133 There is some uncertainty regarding specific assumptions about the behavioural changes and they have been addressed in-line with those assumptions. While the flexi permit scheme should reduce costs to utility companies and therefore incentivise its use, it may not have the expected impact on increasing the number of joint works. If there is an increased number of joint works, this would theoretically mean less congestion.

Risk	Impact	Mitigation
Issues with performance and availability of Street Manager	Low probability, high impact	Service has been running since July 2020 with no major issues. Service support available to deal with incidents.
Benefits are not realised if there are no behaviour changes	Low probability, high impact	Most of the measures in place are to benefit utility companies and undertakers. It is reasonable to assume they will want to realise these benefits by changing their behaviour.

### 4.0 Wider impacts

*Innovation Test – N/A*

#### *Small and Micro Business Assessment*

- 134 Small and micro sized businesses are not exempt from the impacts of this policy. 12 companies out of 100 affected are considered small or micro<sup>50</sup>. The aim of the policy changes are to make the process involved in street works more efficient for all of those involved. The costs are minimal to small and micro businesses (SMBs) in terms of fixed costs like familiarisation costs and there are no expected disproportionate burdens on them. The cost savings from moving to a flexi permit system may be minimal if they do not carry out many works across multiple streets (larger firms are likely to bare larger benefits). The new inspection unit calculations should not have a material impact on SMBs as the aim is for the total number to remain the same. The change in the number of allocations should not have a material impact either provided SMBs are meeting the regulatory requirements already.

#### *Equalities Impact Assessment*

- 135 There will be no negative impact on those with "protected characteristics" under The Equality Act 2010 because none of the proposed amendments have any particular relevance to people with protected characteristics. An overall reduction in work days will benefit people through reduced congestion regardless of their background. There are no burdens to consumers who will only benefit from reduced congestion and more information.

<sup>50</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/951109/street-manager-impact-assessment.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/951109/street-manager-impact-assessment.pdf)

*Health Impact Assessment*

136 Improved air quality from reduced congestion may lead to indirect health benefits, although we have not been able to monetise these potential benefits. This is because we do not know by how much the air quality will improve and modelling the impact is highly complex. Given the complexity, it has not been deemed proportionate to model at this stage.

*Greenhouse Gases Impact Test/Wider Environmental/*

137 Fuel carbon emissions considered as part of the congestion cost savings.

**5.0 Post implementation review**

1. **Review status:** Please classify with an 'x' and provide any explanations below.

<input type="checkbox"/>	Sunset clause	<input checked="" type="checkbox"/>	Other review clause	<input type="checkbox"/>	Political commitment	<input type="checkbox"/>	Other reason	<input type="checkbox"/>	No plan to review
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To be reviewed alongside the Street Manager PIR in March 2023

2. **Expected review date** (month and year, xx/xx):

0	3	/	2	3	Five years from when the Regulations come into force
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3. **Rationale for PIR approach:**

- **Will the level of evidence and resourcing be low, medium or high? (See Guidance for Conducting PIRs)**

Low – the evaluation will be undertaken as part of the Street Manager PIR.

- **What forms of monitoring data will be collected?**

These set of regulatory changes are designed to support the success of Street Manager and it's associated regulatory changes made in 2020. We will review the impact of Street Manager and regulation changes made in 2020 in 2023. A review of these further amendments will be included in that evaluation. Once Street Manager has been in full use for multiple years, we will have a wealth of data to help monitor and inform the effects of the policy changes.

- **What evaluation approaches will be used? (e.g. impact, process, economic)**

Impact

- **How will stakeholder views be collected? (e.g. feedback mechanisms, consultations, research)**

Stakeholders views will be collected through consultations and working groups.

<b>Key Objectives, Research Questions and Evidence collection plans</b>			
<b>Key objectives of the regulation(s)</b>	<b>Key research questions to measure success of objective</b>	<b>Existing evidence/data</b>	<b>Any plans to collect primary data to answer questions?</b>
Encourage more efficient permit applications	What are the number of individual/flexi permits granted each year? How many permits are cancelled? How many permits deem? How long to process each type of permit?	Limited data from the first few months of Street Manager	Street Manager will give us access to a rich dataset to evaluate
Encourage stakeholder collaboration and communication	How many collaborative works on shared permits are there?	Limited data from the first few months of Street Manager	Street Manager will give us access to a rich dataset to evaluate
Increase compliance with regulation	What are the number of non-compliant inspections? How long between interim and permanent reinstatements? What is the average difference between proposed and actual work start/stop dates?	Limited data from the first few months of Street Manager	Street Manager will give us access to a rich dataset to evaluate  Engagement with the Inspections Working Group
Streamline user journeys	What is the average journey completion time?	Limited anecdotal evidence	Consult with key stakeholders
Improve information	How many open data customers? How many disputes between authorities an undertakers?	Limited anecdotal evidence	Consult with key stakeholders

## **Annex A: Consultation questions**

The associated consultation document on these proposals can be found here [\[insert web link\]](#) along with questions. Please respond to these questions using the response form available here [\[insert web link\]](#)

We have some additional questions on the Impact Assessment. If you would like to respond, please complete this document and email it to [streetmanager@dft.gov.uk](mailto:streetmanager@dft.gov.uk) before the closing date for the consultation which is [\[date\]](#).

[Questions on data/assumptions and requests for supporting evidence](#)

Question	Response
1. Do you think the familiarisation and administration assumptions are reasonable? If not, how long do you think it will take your organisation to familiarise with the new procedures?	
2. Do you think there is any seasonality in the works carried out? If so, can you give details and evidence?	
3. Will your organisation benefit from the flexi permit system?	
4. How many USRNs do you think a flexi permit would cover?	
5. What percentage of your works do you envision would be eligible under the flexi permit system? Can you give a low/central/high estimate?	
6. How much do you currently, pay on average, per individual permit for minors and standards?	
7. How long does it take you to process an individual permit and how long do you think it will take you to process a flexi permit?	
8. How much additional time at pre-planning stage do you think flexi permits will require compared to standard permits?	
9. Do you think the percentage estimates of the reduction in number of work days as a result of flexi permits are reasonable? (0.01% low, 0.02% central, 0.03% high)	
10. What are your annual inspection units for the last three financial years? If possible, please break this down by company/industry.	
11. Do you have any data on the size of your works and the associated inspection units for the last three financial years?	
12. How long does it take to repair a non-compliant work?	
13. Do you think the assumption that having a targeted approach for inspections will reduce the number of non-compliant works?	
14. Do you think the central estimate of 0.25% and high estimate of 0.5% reduction in non-compliant works as a result of better targeted inspections are reasonable? If not, do you have an alternative suggestions?	
15. How many defect inspections does your organisation carry out on an annual basis? How does this relate as a proportion of your total works?	

16. Do you have any data on charges for defect inspections fees applicable to your organisation for the last three financial years?	
17. How much time, if any, does your organisation spend in proactively searching street and road authorities websites for Section 58 and Section 58A notices?	
18. Do you think the process of Street Manager automating the number of inspection units will save you time in terms of administration? If so, how much do you estimate this to be?	
19. How do you think a change in the traffic sensitive criteria definitions will affect you?	
20. Do you believe providing additional information as part of the permit application would improve your ability to better plan works?	
<b>Name of organisation</b>	
<b>Name of person responding</b>	
<b>Email of person responding</b>	