

COMMON LONDON PERMIT SCHEME FOR THE MANAGEMENT OF STREET WORKS AND ROAD WORKS

Cabinet Member	Councillor Keith Burrows
Cabinet Portfolio	Planning and Transportation
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Papers with report	Appendices 1, 2 and 3

HEADLINE INFORMATION

Purpose of report	<p>To inform the Cabinet that the Common London Permit Scheme (LoPS) for the management of road works and street works was formally approved by the Secretary of State for Transport and implemented in the first tranche of London Boroughs in January 2010.</p> <p>To recommend that the Cabinet gives consideration to approving the adoption of the LoPS as part of an overall review of the management of street works and road works in Hillingdon.</p>
Contribution to our plans and strategies	<p>The Common London Permit Scheme is intended to contribute to the Council's delivery of the statutory Network Management Duty and strategy for managing works and activities on the road network. The adoption of the scheme will contribute to making Hillingdon a safer borough.</p>
Financial Cost	<p>The total cost of running the Common London Permit Scheme will be in the region of £550,000¹ per annum (based on existing activity); this cost includes employee costs, operational overhead costs and I.T infrastructure maintenance. The permit scheme allows for the recovery of costs including allowable existing overheads via fees charged to statutory undertakers for permit approvals.</p>
Relevant Policy Overview Committee	Residents' and Environmental Services
Ward(s) affected	All

¹ This figure is based on the standard Department for Transport Permit Fee Matrix which makes the assumption that the amount of Permits requested by Utility Companies for works will be consistent with previous year's works notifications; the total Annual Permit Scheme cost is then derived from the 'amount of Permits Issued' assumption. It has been observed in the first quarter of the scheme operation however that less works are being permitted than noticed in the same period for previous years. It is assumed that as there is now a cost incurred by the Utility for every proposed works Utility Companies are attempting to better plan their works to reduce works volume and thus Permitting costs. It is therefore quite feasible that the £550,000 cost may be significantly reduced.

RECOMMENDATION

That the Cabinet approves the adoption of the Common London Permit Scheme (LoPS) by the Council as part of an overall review of the management of street works and road works in Hillingdon.

INFORMATION

Reasons for recommendation

The LoPS was approved by the Secretary of State for Transport on 12th October 2009 and implemented on 11th January 2010. The LoPS was implemented in the London Boroughs of Barnet, Brent, Bromley, Camden, Ealing, Enfield, Hackney, Haringey, Hammersmith and Fulham, Hounslow, Islington, Lewisham, Redbridge, Wandsworth, the Royal Borough of Kensington and Chelsea, City of Westminster, City of London, and Transport for London (“**TfL**”) on this date. The London Boroughs of Bromley and Croydon adopted the scheme in April 2010.

A second implementation phase is planned for between October 2010 and January 2011. This phase, as currently proposed, will include the London Boroughs of Harrow, Southwark, Lambeth, Newham, Richmond, Waltham Forest and Greenwich.

Including Hillingdon, there are currently 6 London Boroughs not yet committed to the LoPS. If the Cabinet approve the recommendation the Council will be in a position to adopt the LoPS between January 2011 and April 2011 as it will take up to nine months to complete the application and formal consultation process.

The Council does not have a statutory obligation to adopt the scheme.

Having assessed the scheme, officers have identified that the adoption of the scheme would give the Council more power and resources to control ‘street works’ carried out by utility companies (and other organisations wishing to carry out street works).

In addition, the LoPS is designed to provide a sum that would cover the cost of the scheme and provide support for associated ‘allowable costs’ which will contribute to covering the operational costs of the Street Works Management Team, currently part of the Traffic Management Section.

The key difference between the current national ‘street works noticing’ scheme and the LoPS is that organisations wishing to dig up or carry out other ‘work’ on the highway have to pay for a permit (as opposed to the current requirement for them to submit a notice to the council, at no cost) of their intentions to carry out the work on the highway.

Under the current national ‘street works noticing scheme’ the borough receives over 10,000 notices a year from utility companies and other ‘works promoters’. A break down of all ‘street works’ notices received by the council in the last two years is attached as appendix 1.

The Department for Transport (“**DfT**”), London Mayor and TfL support the adoption of the LoPS throughout all London Boroughs and recommend further adoption nationally.

Alternative options considered

1. Further deferment to the adoption of the LoPS has been considered.
2. Continue to operate under the New Roads and Street Works Act 1991 (“**NRSWA**”) legislation and not adopt a permitting solution.

Comments of Policy Overview Committee(s)

None at present.

Supporting Information

1. Part 3 of the Traffic Management Act 2004 (“**TMA**”) introduces new powers that allow local traffic authorities to apply to the Secretary of State for Transport to run a permit scheme for the management of street works and road works.
2. The scheme is in its early stages. However initial feedback from other boroughs is demonstrating that the scheme does help achieve less road works on the network with less disruption to road users and it provides a sum that can be used to fund ‘allowable costs’, such as street works and traffic management staffing.
3. At present, the Council does not have sufficient staffing resources to carry out a thorough review and control of all 10,000+ street works proposals submitted to the council each year, prior to works commencing.
4. This is a significant issue which the LoPS seeks to address by charging ‘street work promoters’, for a permit to carry out the work, so that sufficient council staff resources can be funded to co-ordinate and control the level of street works activities that utility companies and other ‘street work promoters’ generate.
5. One of the key principles of the scheme is that it will treat all activities covered by the scheme on an equal basis. The present 2007 Permit Regulations provide for permit schemes to include street works by statutory undertakers and highway works such as highway maintenance, resurfacing and traffic improvement schemes by local highway and traffic authorities.
6. Research carried out by TfL on the completion of a Cost Benefit Analysis (CoBA) on behalf of the London Boroughs entering into the initial tranche of implementation showed that the overall benefit of the scheme on London outweighed its operational costs.
7. The Council will prepare the data for the Hillingdon CoBA for submission to TfL once the decision in principle of whether to adopt the LoPS has been made. The Council may be required to pay a nominal cost to TfL for the time and resource required to prepare the CoBA. The CoBA is a required by the DfT to support the Council application.

8. Research into the success of the LoPS has been carried out by Council Officers in other London Boroughs operating the scheme and the evaluation has been consistent throughout. The London Boroughs contacted all confirmed that the operation of the LoPS has given them greater control over when works are carried out thus improving co-ordination. In most instances operation of the LoPS increased the administrative processes involved in managing street works activity and required additional resources to be in place to manage permit applications. Additional proposed staff recruitment ranged in the boroughs contacted from between 2 and 6 full time employees.
 9. Based on the experience of boroughs who have adopted the scheme so far it is expected that at least one additional member of staff would be required to fulfil the requirements generated by the scheme; this is in addition to the existing resources, it may be feasible to look to redeployees. The existing street works team consists on the Street Works Manager, three area Utility Inspectors and a technical administration resource. The salaries of the additional employee(s) as well as the current resources which will be reassigned to the permit scheme will be funded from permit fees charged and income generated from non-compliance charges levied to the Utility companies.
 10. The additional member of staff would be required to:
 - check each of the permit to work requests submitted to the Council by Utility Companies.
 - ensure that the working proposals, works durations, traffic management provisions and health & safety arrangements provided on the permit application will help limit the disruption to road users and are acceptable to the council.
 11. Adoption of the LoPS will enable improvements to be made with regard to the management and co-ordination of works in the street to improve the management of disruption on the road network, in turn improving the street scene environment for the residents and businesses living, travelling and operating in Hillingdon. The additional staffing resource funded by the operation of the scheme will:
 - enable the Council to carry out more inspections of works sites to ensure works are carried out in accordance with the conditions stipulated on the permit approval and that residents and road users are not unduly put at risk due to poorly managed and executed works;
 - enable the Council to better manage and co-ordinate the impact of works on the road network to reduce unnecessary disruption and works associated traffic congestion;
 - provide the opportunity for the team managing the impact of works to carry out more stringent checks on proposed works before they commence to ensure that all works proposals have been evaluated and only approved once the Council has set the permit conditions to be adhered to;
 12. It must be noted that in order to operate the LoPS with transparency the Council's own highway works promoters and contractors (Highways Maintenance, Improvement Projects, and Street Lighting) will need to apply for a permit before carrying out any works on the road network. Although no permit fee will be charged for applications from internal works promoters there will still be staffing costs associated with raising and processing successful permit applications.
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Financial Implications

The adoption of LoPS will see a fee chargeable for each permit issued to a statutory undertaker (utility) for works on the public highway. The level of fees set will be subject to approval by the Secretary of State as part of the LoPS application process.

Each Permit category has a maximum charge level set by the DfT. Attached as Appendix 3 is the table of fees set to be charged by the boroughs currently running the scheme. The Council is required to set its proposed fees at a level not exceeding the maximum and must justify fully how the fee level was reached. This is completed using the permit matrix as specified by the DfT. Hillingdon's proposed fees are shown in Appendix 2.

The specified matrix estimates that the total cost of running the scheme will be in region of £550,000 per annum, based on current works activity being maintained. It has been noted in boroughs currently operating the scheme that the volume of works requested by utility companies does reduce when works promoters have to submit permits. This appears to be due to the requirement to pay for a permit, as opposed to submitting a notice which does not cost the utility company any money.

Given the outputs of the matrix and the present staffing of the service the Service Manager has estimated that at least 1 additional FTE Inspector post would be required, based on a lower level of works activity being undertaken, to supplement existing staff working on NRSWA co-ordination who are costed within this scheme.

At this stage as a new scheme, it is difficult to accurately estimate the level of works and therefore income that will be generated. However the inclusion of allowable indirect and overhead costs within the specified permit template and therefore fees, gives an opportunity to offset existing allowable overhead costs, once the actual direct costs of the additional staff have been accounted for. Whilst at the current levels of activity this contribution could be significant, at the outset of the scheme it would be more prudent to assume a figure of approximately £50k. This would bring the Street Works Management Team to a self-financing position, whilst allowing for an expected decrease in activity.

There will be start up costs involved including the employment of additional staff, systems training and IT software procurement costs. These costs will be in the region of £20,000 and the guidance specifies that they can be recovered from Permit Fees charged once the scheme becomes operational.

Where a surplus or deficit exists at the end of the year from fee income, the legislation requires that the fee structure is amended to ensure that the scheme remains cost neutral within the framework of allowable costs detailed above. Any surplus or deficit accruing is carried over into future years. The outcome of annual fee reviews will need to be published and will be open to public scrutiny.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

The adoption of the scheme will assist the Council in delivering its statutory network management duty to keep traffic moving for the benefit of residents and the travelling public.

Consultation Carried Out or Required

A statutory external consultation will be carried out as required in the Traffic Management Permit Scheme (England) Regulations 2007 if the Council decide to apply to the Secretary of State for Transport to run the LoPS.

CORPORATE IMPLICATIONS

Corporate Finance

The report seeks approval for the London Borough of Hillingdon to implement the Common London Permit Scheme for the management of road works and street works with effect from April 2011, subject to the approval of the Secretary of State for Transport. The scheme is expected to be at least self-financing, however there are additional costs involved including additional staff post that will need to be established from April 2011 – this will be managed through the Council's budget process. The income from major commercial statutory undertakers that will cover these costs will come from fees applicable from April 2011 – these can be approved by Cabinet as part of the standard process for approval of fees and charges as part of the budget report for 2011/12.

In the current year the application process leading up to Secretary of State approval will be managed within existing resources.

Corporate Procurement

Corporate Procurement is fully supportive of the report although it is not considered to generate any specific implications from a procurement perspective.

Legal

Section 3 of the Traffic Management Permit Scheme (England) Regulations 2007 obliges a local traffic authority to consult specified parties prior to submitting a permit scheme to the Secretary of State. The Council, as permit authority, must ensure these consultation requirements are followed

Whether or not the Common London Permit Scheme is approved the Council, as local traffic authority, must ensure it continues to undertake all of its statutory duties and obligations under the legislation relevant to the course of action that is ultimately decided upon.

BACKGROUND PAPERS

Approved Common London Permit Scheme
Traffic Management Act 2004 Code of Practice for Permits March 2008
Traffic Management Act 2004 Statutory Guidance for Permits March 2008
Traffic Management Permit Scheme (England) Regulations 2007
Permit Fee Calculation Matrix Guidance Notes (DfT)