



Northumberland
County Council

Street Works Permit Scheme

For Road Works and Street Works

Cost Benefit Analysis Executive Summary

Appendix 1

Executive Summary

To calculate the benefits of the permit scheme, Northumberland County Council has utilised the financial matrices spreadsheets provided by the Department for Transport (DfT). Noticing data from 2018/19 has been used to calculate an estimate of the additional number of staff required to administer the scheme, the associated running costs and to help set the permit fees to be charged. The fees are set at a level to ensure that the scheme is cost neutral. Given the calculations, custom fees will be applied as opposed to maximum fees. It is estimated that income for the first year of the scheme will be £557,262.

Permit fees				
	Maximum Fees		Custom Fees	
Activity Category	Cat 0-2 & Traffic Sensitive Streets	Cat 3-4 & non Traffic Sensitive Streets	Cat 0-2 & Traffic Sensitive Streets	Cat 3-4 & non Traffic Sensitive Streets
Provisional Advanced Authorisation	£105	£75	£85	£73
Major	£240	£150	£197	£130
Standard	£130	£75	£110	£75
Minor	£65	£45	£59	£41
Immediate	£60	£40	£43	£35

There is no permit charge for internal Local Authority works and therefore scheme revenue can only be used to cover the costs of permits received from statutory undertakers. The outcomes of the financial matrices spreadsheets show that the operating costs for the scheme in the first year will be £806,619. The difference between the operating cost and income received is the cost for administering internal Local Authority permits, the cost of which the Council is responsible for. The scheme will be subject to review at the end of each of the first three years and every three years thereafter, with any surplus remedied by a reduction in fees.

With regard to staffing, the number of staff currently employed on noticing activity is 2.5 FTEs. The matrices show that the additional number of personnel required for permit related activities is 3.5 FTEs.

An assessment carried out using noticing data from 2018/2019 showed:

- Number of works per annum - 16,826 works phases
- Number of work days per annum - 283,888 days
- Average works duration - 5.81 days
- Number of works required traffic control - 4842 works phases (27.31%)

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Using the noticing data and the trends identified in the DfT commissioned national 2018 Ecory's study, it is suggested that Northumberland could reduce the number of work days on the network as below:

Total no. of work days (18/19)	283,888
Expected number of work days	268,058
Expected change (work days)	-15,830

The data above has then been used in conjunction with the national QUADRO congestion impact analysis to predict the following improvements:

Type	Benefits from decrease in congestion costs
Business	
Journey Time Savings & reliability	£4,271,720
Non-Business	
Journey Time Savings & reliability	£3,752,829
Accident	£74,441
Fuel Carbon	£405,686
TOTALS	£8,504,676

The table below shows a breakdown of how the Benefit to Cost Ratio has been calculated to ensure the feasibility of the Northumberland County Council permit scheme:

	Year 1	Year 2	Year 3	Year 4
Benefits				
Benefits to business				
Journey time and reliability	£4,271,720	£4,271,720	£4,271,720	£4,271,720
	£4,271,720	£4,271,720	£4,271,720	£4,271,720
Benefits to non-business				
Revenue from permit fee income	£557,262	£557,262	£557,262	£557,262
Journey time and reliability	£3,752,829	£3,752,829	£3,752,829	£3,752,829
Accident	£74,441	£74,441	£74,441	£74,441
Fuel carbon	£405,686	£405,686	£405,686	£405,686
	£4,790,218	£4,790,218	£4,790,218	£4,790,218
Costs				
Costs to business				
Permit fees for statutory undertakers	£557,262	£557,262	£557,262	£557,262
SU admin costs	£111,452	£114,796	£118,239	£121,787
	£668,714	£672,058	£675,501	£679,049

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Costs to non-business				
LA works promoters admin costs	£41,559	£42,806	£44,090	£45,413
Set up costs LA's	£46,152	£46,152	£46,152	£0
LA costs to review LA work promoter permits	£207,797	£214,031	£220,452	£227,065
LA costs to review utility company permits	£557,262	£573,980	£591,199	£608,935
	£852,770	£876,969	£901,893	£881,413
Total Benefits	£9,061,938	£9,061,938	£9,061,938	£9,061,938
Total Costs	£1,521,484	£1,549,026	£1,577,394	£1,560,462
Net Present Value (Benefits - Costs)	£7,540,454	£7,512,912	£7,484,544	£7,501,476
Benefit to Cost Ratio (Benefits/Costs)	5.96	5.85	5.74	5.81

The following assumptions have been made in the above table;-

- a 3% year on year increase for admin costs for both utilities and LAs
- set-up costs will be recovered through permit fees via amortisation over three years
- the fees remain unchanged following the year 3 review

The 'Costs to non-business' section in the table shows a cost of £41,559 for authority works admin costs. As with the processing of internal Local Authority permits, there is a cost to the authority but this is already covered within existing budgets. There are existing staff resources in Highways responsible for the processing of notices under the current scheme and these resources will be utilised in the processing of permits. This said, there may need to be some consideration for the reprioritising of work in order to accommodate any additional workload created by the scheme process.

The objective of the Cost Benefit Analysis was to consider all of the potential costs and benefits in order to establish if there is a sound financial basis for introducing a cost neutral permit scheme in Northumberland.

Using the trends identified in the 2018 Ecory's national study, previous noticing data suggests that the scheme will save approximately 15,800 working days disruption in the year following the implementation of the scheme. The national QUADRO modelling shows that this reduction will result in a societal benefits of £8.5m; but beyond the monetary savings there are also the immeasurable benefits such as the wellbeing of commuters due to less congestion and the improved experience for visitors to our county. The Benefit to Cost Ratio table in the previous section shows that the BCR remains between 5.74 and 5.96, demonstrating the overall feasibility of the scheme.