

Meeting date: 28th March 2019
Report to: Transport and Highways Cabinet



Subject/report title: **HIGHWAY WORKS PERMIT SCHEME UPDATE**

Report from: Head of Highway Services

Report author/lead contact officer: David Keane/Paul Tovey

Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege

Public/private report: Public

Exempt by virtue of paragraph: Select an Exemption paragraph from the Quick Parts drop-down list

1. Purpose of Report

- 1.1 To provide an update on the new Highway Works Permit Scheme and agree service priorities for 2019/20.

2. Decision(s) recommended

2.1 Cabinet Member is asked to:

- (a) Note the performance of the new scheme since going live on the 1st October 2018 as detailed in Appendix A.
- (b) Approve the service priorities for 2019/20 as detailed in paragraph 4.10.
- (c) Approve setting up a financial reserve to manage the financial implications of the permit scheme which are accounted for over a 3 year period in accordance with Part 6 of the Traffic Management Act 2004.
- (d) Agree to receive a further service report in June 2020, which will include the service's first Annual Performance Report to the end of October 2019, as required by the Department for Transport.

3. What is the issue?

- 3.1 In October 2018, following approximately 18 months of development and consultation with stakeholders, including statutory undertakers, neighbouring authorities and major commercial businesses; Solihull Council successfully introduced a Permit Scheme in line with the West Midlands Combined Authority's target and ahead of the Department for Transport's advice.
- 3.2 The Highway Works Permit Scheme ("the Permit Scheme") establishes a new mechanism by which the Authority will manage all works carried out on the public highway in the Borough. This covers all public utility company works to remove, maintain and install new apparatus, as well as our own highway maintenance and improvement schemes.
- 3.3 Such works on the public highway can have a significant impact and interrupt the free flow of motorists, cyclists and pedestrians. It is therefore important that any planned work is co-ordinated to minimise the level of disruption and duration of occupation as far as reasonably practicable. Greater co-ordination of highway works will also provide economic and environmental benefits, together with improvements in air quality.
- 3.4 As part of the evaluation and implementation process, the Council employed the specialist consultancy services of Swift Argent Ltd. The Council would like to formally recognise their contribution to what has been a very successful partnership arrangement where they fulfilled their commission and provided some excellent advice and services to the Highway Services management team.
- 3.5 Recruitment of staff for the new team was successful and has produced a good mix of people with a range of experience and skills from both the public and private sector. This process enabled the service to commence fully resourced and able to deliver all aspects of the service from 1st October 2018.

4. What options have been considered and what is the evidence telling us about them?

- 4.1 The development of the Permit Scheme business case, identified that the Authority was likely to receive approximately 10,000 permits a year; approximately 50% of these would be associated with street work activities and be chargeable. The other 50% would be associated with our own highway maintenance and improvement works which do not generate any income.
- 4.2 The Council adopted the maximum permissible fees as set by the Department for Transport, which are based on the type of work, activity and location. Major works on higher classification roads, including traffic sensitive streets that have the potential to have a greater impact on traffic and the network, generally attract higher permit fees as they typically take longer and are more complex to co-ordinate. A full break down of permit fees by type is annexed to this report as **Appendix A**.

- 4.3 Performance data for the first 4 months of the scheme going live (1st October 2018 to 31st January 2019) and is summarised in **Appendix B**. This key information is as follows:
- Approved 2693 permit applications (2260 Street works and 433 Highways)
 - 50 days duration of works saved
 - 80% of permit applications approved.
 - No deemed permit applications.
 - Service operating in line with DfT's agreed scheme.
- 4.4 The evidence indicates that whilst the number of Street works applications is in line with expectations, the number of highway work permit applications is currently running at about 25% of the expected demand.
- 4.5 There are a number of possible reasons for this including capital budget spend profiles, which have prioritised works to take place during the summer and autumn months ahead of the introduction of the new scheme. There may well be some under reporting of this type of work, which is also being monitored.
- 4.6 Appendix B also breaks down the permit applications received by Organisation or work promoter. So far, Severn Trent Water and Virgin media have generated the highest volume of works taking place in the Borough. The winter period is a traditionally busy period for the local water supply company and Virgin media continue to improve their network for some of our rural communities.
- 4.7 In addition to the income received from permit applications, there are two other secondary forms of income associated with the permit scheme and the performance of the work promoters. This comes in the form of Fixed Penalty Notices issued for any works carried out without a permit (Regulation 19), or for failing to comply with permit conditions (Regulation 20). An estimated total of £22,580 has been issued in fines to work promoters so far, which is evidence of some of the excellent work being carried out by the team when monitoring activity on the public highway. The level of income is not guaranteed and is very much dependent on work promoters performance and the level of resource available to carry out inspections.
- 4.8 The benefits that this change has brought to Solihull can be seen through the permit team's active challenge of proposed work durations as well as through its promotion of working collaboratively with other work promoters. The sharing of working space and the challenge of work duration, facilitated by the new permit scheme, has already saved 50 days of disruption on the road network in just the first 4 months of the scheme. A significant achievement.
- 4.9 The Department for Transport required permit scheme authorities to submit annual performance reports annually for the first three years of the scheme and then at reduced intervals, to be determined, thereafter. The reports will include a range of both performance, environmental and traffic data which are brought together to provide an overall summary of the scheme and its impact. Whilst the scheme's direct performance data will be available within a few weeks of its annual anniversary, some of the other national statistical data used to predict the benefits can take up to 6 months to be available. The delay means the service's first annual report will now be produced by the end of March 2020, and will form the basis of the next service update

report produced for May / June 2020.

4.10 In the meantime, the service priorities for 2019/20 are suggested to be as follows:

- **Performance Monitoring** - Produce monthly monitoring reports to the Cabinet Member's regular meeting with the Assistant Director for Highways & Environment to ensure the service remains on track and operating in accordance with the approved Business Case.
- **Highway Work Promoters** - Investigate performance of Highway works promoters and implement improvement plan.
- **Systems & Processes** – Based on lessons learnt and ahead of the planned internal audit review ensure all financial, legislative and performance monitoring systems and processes are in place and being followed.
- **Resource Plan** - Monitor current resources to ensure appropriate balance and quality of inspections are carried out to monitor compliance with the scheme and any associated permit conditions.
- **Growth & Development** – Explore opportunities to work more effectively and efficiently including the New Roads and Street works act duties, currently carried out by colleagues in Neighbourhood Management and through the possible use in the future of Lane Rental schemes and Coring programmes.

4.11 Looking slightly further ahead, the Department for Transport advised all Local Authorities that they would like to see Permit Schemes replace the former noticing systems by the 1st April 2019. As part of this programme the DfT is also developing a new centralised computer system "Street Manager" to support the co-ordination of highway works in the future. If implemented, this change is also likely to generate some new ways of working that the council will have to take on board.

4.12 In summary, the evidence suggests the scheme has made an excellent start. These are options and service improvements to be considered that will help it become more efficient and effective as the continued lesson learned are implemented.

5. Reasons for recommending preferred option

5.1 Based on the evidence summarised in **Appendix B**, the introduction of the Highway Works Permit Scheme has been a success and an excellent starting point from which to develop and grow. The service remains on track to meet the agreed Business Case, therefore, this report is not proposing any significant change, but seeks to reassure the council and users of the Solihull Highway network that works carried out on the highway are now being managed and co-ordinated better than ever before.

5.2 There will always be the occasional clashes or emergency work that grabs the headlines for all the wrong reasons. The Permit Scheme will help reduce these risks and where they occur should enable them to be better managed and the impact communicated to the travelling public in order that they can plan their journeys accordingly.

- 5.3 It is recommended that the priorities for the service, as set out in paragraph 4.10, are all areas to be worked on in the next 12 months, with partners and stakeholders, to help explore and drive further improvements and efficiencies from this new and exciting service.

6. Implications and Considerations

6.1 Delivery of key themes in the Council Plan:

How will the options/proposals in this report contribute to the delivery of the key themes in the Council Plan? *(select which themes apply and briefly state how the options / proposals in this report contribute to their delivery):*

- Improve Health and Wellbeing** – the scheme will reduce the duration of highway works on the network and the level of disruption / congestion on the network. By successfully challenging and co-ordinating proposed works the scheme can positively contribute to the Council's wider air quality improvement targets.
- Managed Growth** – Better co-ordination of highway works will help ensure that future residential and commercial developments can be delivered.
- Build Stronger Communities** – One of the key benefits of introducing the Permit Scheme is to ensure the impact of such works is then communicated out to the effected communities. This in turn then enables the local community to make informed travel choices when planning journeys in the borough.
- Deliver Value** – The scheme is intended to operate on a self-funded basis and therefore has enabled a Medium Term Financial Strategy saving target to be achieved.

6.2 Implications for children and young people, vulnerable groups and particular communities:

- 6.2.1 Provision of an effective street works co-ordination function through the successful delivery of the new permit scheme has the potential to have a range of benefits for customers including children, young people and vulnerable groups. Reduced delay and congestion, safer and better maintained roads as well as increased information and notice of works will assist members of the public to undertake reliable and consistent journeys on the network.

6.3 Consultation and Scrutiny:

- 6.3.1 A cost benefit analysis and business case was developed to support the justification of the introduction of the new highway works permit scheme. A statutory consultation process was carried out in line with Department for Transport guidelines with statutory undertakers and other consultees providing an opportunity for all interested parties to feed into this process.

6.4 **Financial implications:**

- 6.5 Full annual operating cost of the scheme is anticipated to be £301,000. It is intended that the service will be fully self-funded from the fees collected from approved permit applications.
- 6.6 Based on the anticipated annual operating cost of the scheme; In order for the service to operate sustainably, £26,000 of permit fees need to be collected each month.
- 6.7 Over the first four months of the scheme £120,615 of permit application fees has been collected. This figure is in line with our predicted budget profile (mindful of seasonal variations) with indications at present that the service will show a small surplus after 12 months.
- 6.8 The Authority is required to produce an annual report setting out the performance of the scheme over the previous 12 months. This report will provide an opportunity to review service performance, ensure all management overheads associated with the operation of the scheme are captured and accounted for, and identify opportunities to invest in the service to further aid resilience and performance.
- 6.8.1 In light of the permit scheme operating from October to September, it will be necessary for the permit scheme's budget to operate over multiple financial years. As such it is proposed to set up a financial reserve to manage the financial implications of the permit scheme over a 3 year period which is in accordance with guidance issued by the Department for Transport and Part 6 of the Traffic Management Act 2004. This reserve will need to be set up with varying annual contributions to or from the reserve depending on the performance in any given financial period.

6.9 **Legal implications:**

- 6.9.1 None as a result of the recommendations from this report.

6.10 **Risk implications:**

- 6.11 Based on the available information it is the officers' opinion that there are no net "Red" risks to the Council associated with the recommendation of the report. The Corporate Risk Management Approach has been complied with to identify and assess the significant risks associated with this decision / project. This includes (but is not limited to) political, legislation and reputation risks.
- 6.12 The Approach is not intended to eliminate all risks and not all the risks identified can be managed all of the time. Also, risks will still exist that have not been identified.
- 6.13 Based on the available information it is the officers' opinion that there are no net "Red" risks to the Council associated with the recommendation of the report.

6.14 **Statutory Equality Duty:**

- 6.14.1 There is no impact

7. List of appendices referred to:

7.1 Appendix A – Permit Fee Charges Matrix

7.2 Appendix B – Solihull Permit Scheme Performance Summary

8. Background papers used to compile this report:

8.1 Transport & Highways Cabinet Report – November 2017

8.2 Solihull Permit Scheme Document

9. List of other relevant documents:

9.1 The Traffic Management Act 2004

9.2 Department for Transport Advice Note 1st October 2015 - Permit Schemes