

Committee: Cabinet

Date: 19th September 2011

Agenda item: 5

Wards: All

Subject: London Permit Scheme (LoPS)

Lead officer: Chris Lee, Director of Environment & Regeneration

Lead member: Councillor Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration

Forward Plan reference number: 946

Contact officer: Mary-Ann Cuzner

Recommendations:

- A. That Members note the content of this report.
 - B. That Cabinet agrees to Merton joining the London Permit Scheme (LoPS), to be operational from September 2012.
 - C. That the Director of Environment and Regeneration is authorised to take all necessary steps to make an application to the Secretary of State for Transport under Part 3 of the Traffic Management Act 2004 to implement and operate a Permit Scheme to assist in the management and monitoring of works on the Highway in Merton.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To provide Members with an update on progress made by the London Boroughs and Transport for London who submitted applications to the Secretary of State for Transport for approval to introduce a permit scheme to manage all activities on the public highway.
- 1.2. To present a business case to Members in support of Merton adopting a permit scheme under the Traffic Management Act 2004 to manage highway and utility works on the Public Highway

2 BACKGROUND - THE TRAFFIC MANAGEMENT ACT AND ITS IMPLICATIONS

- 2.1 In 2004 the Traffic Management Act was introduced which imposed the following duty on all highway authorities:

"It is the duty of a local traffic authority to manage their road network with a view to achieving so far as may be reasonably practicable having regard to their other obligations, policies and objectives, the following objectives:

- *Securing the expeditious movement of traffic on the authority's road network,*
- *Facilitating the expeditious movement of traffic on road networks for which another authority is the traffic authority."*

2.2 The overall aim of the legislation is to ensure that the highway network is working efficiently without unnecessary delay to those travelling on it. It applies to traffic, cyclists and pedestrians. The duty is placed alongside all the other objectives and priorities that an authority has to consider and it does not take precedence over, for example, an authority's road safety objectives.

3 PERMIT SCHEMES

3.1 In April 2008 legislative changes within the Traffic Management Act 2004 took place allowing London Boroughs to move away from the current noticing system of monitoring Public Utilities work under the New Road and Street Works Act 1991 to allow the development of individual permit schemes as a more pro-active means of controlling all works on the Public highway, including the Council's own works.

3.2 Any Borough wishing to operate a permit scheme must submit an application to the Secretary of State for Transport detailing the way the scheme will be administered. This must include the social and environmental benefits of the scheme as well as economic benefits, the benefits in terms of the Network Management Duty (NMD) and the operating costs and the prices it will charge for permits. Decisions on the merits of a scheme are not based purely on economic viability or allow any permitting authority to generate additional income from its operation. .

3.3 As part of their submissions to the Secretary of State to operate a permit scheme a first phase of 17 London Boroughs and Transport for London provided a quantifiable breakdown of those benefits in monetary terms that they believe will result from the operation of a permit scheme.

3.4 The value of those benefits when considered alongside the significant extra cost to operate a permit scheme produce an overall benefit which forms the justification for operating a permit scheme.

3.5 Authorities are not obliged to run a permit scheme but must submit an application to the Secretary of State for Transport if they wish to do so.

4 LONDON PERMIT SCHEME

4.1 Following the introduction of legislation for permit schemes under the Traffic Management Act 2004 discussions took place between London Boroughs and it was agreed that instead of each authority drawing up its own separate Permit Scheme with differing and individual rules for each authority there should be a common set of rules which would be applied by each Authority. What became known as the London Permit Scheme (LoPS) proposed a single set of rules, which each authority operating the scheme, applies independently, to their own roads. In keeping with the overriding objectives of the NMD the objectives of the London Permit Scheme (LoPS) are to:-

- Provide an environment to help each of the permit authorities operating the LoPS to meet their NMD.

- Support those seeking to minimise disruption and inconvenience across London by encouraging good practice, mutual and collaborative working arrangements and focus on getting it right.
 - Encourage a high emphasis on safety for everyone including site operatives and all other road users with special emphasis on the less able.
 - Encourage a sharing of knowledge and methodology across the industries working within the LoPS.
 - Emphasise the need to minimise damage to the structure of the highway and all apparatus contained therein.
 - Provide a common framework for all work promoters who need to carry out their works in London.
 - Treat all activities covered by the scheme and works promoters on an equal basis.
- 4.2 The initial application by 17 London Boroughs and Transport for London to operate the LoPS was rejected by the Secretary of State for Transport. Amendments were made to the schemes and further consultations carried out before the schemes were re-submitted to the Secretary of State in June 2009. Approval was finally given in October 2009 and the first 17 Boroughs and Transport for London implemented their schemes in early 2010.
- 4.3 A second tranche of Boroughs applied to the Secretary of State for Transport to implement LoPS on 28th July 2010. The Secretary of State for Transport delayed the approval of the second tranche until after LoPS first year report was published. Approval has now been given and the second tranche expect to go live on the 5th September 2011.
- 4.4 Two more Authorities have completed their consultation period and have submitted their application to the Secretary of State for Transport. If their application is successful the City of London, TfL and 27 of the 32 London Boroughs, will be operating under the London Permit Scheme.
- 4.5 The LoPS first year evaluation report found the following benefits:
- An increase of 147% in the number of recorded days of disruption saved through joint working and collaboration from 726 in 2009 to 1793 in 2010, corresponding to a benefit of approx £2.7 million in congestion saved in 2010.
 - An increased discipline amongst highway authorities in recording their own works. This has led to a 237% increase in the proportion of works that are formally recorded by highway authorities, providing more opportunity for collaborative working and enhanced public information on road works via the LondonWorks Public Register (<http://public.londonworks.gov.uk>).
 - A reduction in the total number of works undertaken by utilities of 17% within permitting authorities as compared to only 7% in non-permitting authorities, saving approximately 149,136 days of street works within those authorities.
 - Better quality of information available to make considered coordination decisions.

- LoPS has delivered a large portion of the expected levels of benefits for average journey time and journey time reliability.
- One of the significant successes has been around the increase in the number of collaborative works and resulting days of disruption saved.

4.6 The TMA 2004 allows for Permitting Authorities to charge for the issue of a permit. The permit fee allows authorities to recover their costs in operating a Permit Scheme.

5 MERTON PROPOSALS

5.1 Following the successful first year operation of the London Permit Scheme, which has demonstrated proven benefits of permitting works on the highway over the current noticing system; it is considered appropriate that Merton should now initiate the necessary steps to prepare a permit scheme application for submission to the Secretary of State for Transport.

5.2 Cabinet previously approved the appointment of an external Consultant to review Merton Streetworks operation, the degree to which LBM meets its NMD, staffing levels and make recommendations to ensure Merton meets its statutory duties and assist with the implementation of any recommendations. Following cabinet approval, Street Works Solutions were appointed to carry out the review as outlined below:

- Phase 1 - review current operations and recommend options for improving the control over street works activities and how that might be best achieved.
- Phase 2 – Following the recommendations from phase 1 – prepare a business case to assess the benefits of implementing a Permit Scheme.
- Phase 3 - Subject to Cabinet approval, prepare the documentation outlining the scheme and how it will operate, carry out the formal consultation process and submit application to Secretary of State for approval. Prepare job descriptions and person specifications for new staff. Prepare a transition process action.
- Phase 4 - Oversee and advise on the tasks necessary to achieve implementation. Purchase of equipment, appointment of staff, training, produce KPI's, compatibility of IT equipment, accommodation, trial permitting period, live rollout.

5.3 Phase 1 of the Consultants review carried out in 2010 found that Merton fulfilled its Traffic Management Duties in line with its own Network Management plan in relation to coordinating street works activities and other events impacting the streets within the borough. However improvements could still be made and in the view of the consultant the team was under resourced and identified the need for 3 additional FTE to fully meet our Network Management Duty as required by the Traffic Management Act. The report concluded and recommended that Merton should consider running a Permit Scheme as a part of the LoPS group within London. – Phase 1 report attached as Appendix A.

- 5.4 Following on from the recommendations in the Phase 1 report, the Consultant was asked to proceed with Phase 2 and prepare a business case to support the recommendation to implement a Permit Scheme. The business case is attached as Appendix B.
- 5.5 Should Cabinet approve the recommendations contained in this report it will be necessary to proceed with phase 3 & 4 of the external Consultant brief, the cost of which is included within the business case and can be offset against the allowable Permit Scheme start up cost.
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6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 To calculate permit fees each London Borough joining the London Permit Scheme uses an agreed cost matrix developed by the Dft which takes into account employee costs, operational costs and the equivalent proportion of overheads incurred by operating the scheme.
- 6.2 The matrix then calculates the permit fees that the Authority should charge in order to recover the allowable costs incurred from operating the scheme, as the TMA 2004 regulations stipulate that overall fee income should match overall allowable costs.
- 6.3 The calculations in the permit fee matrix have identified that Merton requires 6.4 fte staff to operate the scheme (See Appendix C). The costs of the additional staff would be met from the additional income generated by the permit scheme.
- 6.4 Initial one-off start up costs would be incurred prior to operating LoPS, which will involve staff training and setting up of computer systems and infrastructure, which could be met from within the Council's revenue and capital allocations.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 If a local authority wishes to operate a scheme it is required to prepare and submit an application to central government for permission to operate a permit scheme. If granted, the department will make 'Permit Regulations' for that individual scheme with which the applicant local authority must then comply as well as observing any later guidance which may be issued by the department from time to time. Currently 27 such orders have been made for the Greater London area.
- 7.2 The Permit Regulations granted may (amongst other provisions) make provision for charging a fee in respect of one or more of the following 1) an application for a permit 2) the issue of a permit 3) an application for a variation of a permit or the permit conditions 4) the variation of the permit or the permit conditions. Provision may also be made in the Permit Regulations made for the amount or maximum amount of any fee, cases in which fees

are not to be payable or are to be repaid, cases in which fees may be discounted, the timing and manner of payment and the application of sums paid by way of fees. In making provision in the Permit Regulations the government department is obliged to ensure (so far as is reasonably practicable) that the fees payable in connection with the permit scheme do not exceed such costs in connection with permit schemes .as may be prescribed.

- 7.3 If a Local Authority is considered to be failing to perform its duties under the Traffic Management Act 2004 the Secretary of State can serve an intervention notice on the authority and ultimately can appoint a Traffic Director to intervene in the authority's traffic activities.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1 The Network Management Duty requires the Authority to consider the needs of all highway users whether they are car users, pedestrians, cyclists etc.
- 8.2 The network management duty requires the Authority to consider the needs of all highway users. A permit scheme would improve the way in which works promoters provide for the needs of vulnerable groups during the course of their works.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1 None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 The intention of this report is to draw Members attention to the London Permit Scheme and to briefly outline the risks associated with any future decisions made to either join it or to opt out. These issues are covered in the business case.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix A Consultants Phase 1 Report
Appendix B Business case to implement a Permit Scheme
Appendix C Allowable Staffing and Operation Costs

12 BACKGROUND PAPERS

- London Permit Scheme approved final version October 2009
London Permit Scheme Application Support Document
London Permit Scheme First Year Evaluation Report

Allowable Staffing and Operational Costs

Staff Members	FTE Required	Allowable Employee Costs
Street Works Officers	2.43	£221,059
Street Works Coordinators	2.70	£277,443
Traffic Managers	1.27	£173,692
STAFF TOTALS	6.40	£672,195
Permit Application Operational Factor Costs		£80,663
Permit Variation Application Costs		£24,861
TOTAL PERMIT SCHEME COSTS		£777,719

Income from Permit Fees

Category 0-2 and Traffic Sensitive Streets					
Activity Type	Estimated No. of Permits	Cost per Permit	Estimated No. of Permit Variations	Cost per Permit Variation	Total Cost per Activity Type
Provisional Advance Authorisation	43	£117	N/A	N/A	£5,045
Major	55	£229	11	£45	£13,159
Standard	372	£143	37	£45	£54,757
Minor	1799	£73	90	£45	£134,472
Immediate	913	£61	46	£45	£57,646
Sub Total	3182	N/A	184	£45	£265,079
Category 3-4 Non-Traffic Sensitive Streets					

Activity Type	Estimated No. of Permits	Cost per Permit	Estimated No. of Permit Variations	Cost per Permit Variation	Total Cost per Activity Type
Provisional Advance Authorisation	74	£85	N/A	N/A	£6,296
Major	98	£143	20	£35	£14,754
Standard	788	£82	79	£35	£67,737
Minor	5923	£57	296	£35	£349,994
Immediate	1585	£49	79	£35	£79,843
Sub Total	8470	N/A	474	£35	£518,624
TOTAL					£783,703

The operating costs and income estimates do not match exactly due to the nature of how the standard DfT spreadsheet is set up, but the variation is negligible (below 1% variance).