



Stockton-on-Tees
BOROUGH COUNCIL

Stockton-On-Tees Borough Council

Permit Scheme

For Road Works and Street Works

**Business Case & Cost
Benefit Analysis**

Executive Summary

Executive Summary

To calculate the benefits of the permit scheme, Stockton Borough Council has utilised the financial matrices spreadsheets provided by the Department for Transport. 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 fee's to be charged. The fees are set at a level to ensure that the scheme is cost neutral. Given the calculations, custom fee's will be applied as opposed to maximum fees. It is estimated that income for the first year of the scheme will be £280,701.

Permit Fees	Maximum Fees		Custom Fees	
	Cat 0-2 & TSS	Cat 3-4 & non-TSS	Cat 0-2 & TSS	Cat 3-4 & non-TSS
Provisional Advanced Authorisation	£105	£75	£92	£59
Major	£240	£150	£208	£130
Standard	£130	£75	£126	£71
Minor	£65	£45	£62	£40
Immediate	£60	£40	£58	£37

There is no permit charge for internal Local Authority works and therefore scheme revenue can only be used to cover the cost 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 £280,391 the scheme will be subject to review at the end of the first and third years and every three years thereafter.

With regard to staffing, the matrices show the number of additional staff required for permit related activities is three full time equivalents.

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

- Number of Works per annum – 6,237
- Number of work days per annum - 29,881
- Average works duration – 8 days
- Number of works requiring traffic control – 1,874

Using the noticing data and the trends identified in the DfT commissioned national 2018 Ecory's study. It has suggested that Stockton-on-Tees Borough Council could reduce the number of work days on the network as below:

Total Number of Work days (18/19)	29,881
Expected Number Of Work Days	29,186
Expected Reduction in Working Days	- 695

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	£404,873

Non-Business	
Journey Time Savings & reliability	£355,692
Accident	£7,055
Fuel Carbon	£38,451
TOTALS	£806,071

The table below shows a breakdown of how the Benefit to cost ratio has been calculated to ensure the feasibility of the Stockton-on-Tess permit scheme:

Items	Cost (£)
Costs to Business	336,841
Permit fees for Statutory Undertakers	280,701
SU admin costs	56,140
Costs to Non-Business	505,865
LA works promoter's admin costs	12,527
Set up costs LA's	150,000
LA costs to review LA work promoter permits	62,637
LA costs to review utility company permits	280,701
Benefits	
Benefits to Business	404,873
Journey time and reliability	404,873
Benefits to Non-Business	681,899
Revenue from permit fee income	280,701
Journey time and reliability	355,692
Accident	7,055
Fuel carbon	38,451
Costs to Business	336,841
Costs to Non-Business	505,865
Benefits to Business	404,873
Benefits to Non-Business	681,899
Total Costs	842,706
Total Benefits	1,086,772
Net Present Value	244,066
Benefit to cost ratio	1.28

Assumptions have been made as to the following and based on the evaluation of permit schemes document

- A 15% optimism bias has been applied to cost estimated
- Set-up costs will be recovered through permit fees via amortisation over three years
- Permit numbers fall by 5% relative to the initial baseline.
- After an annual comparison of fee income: Under or over recovery will be corrected via following year's fees.

The benefit to cost ratio (BCR) is the estimated impact that the Stockton Council Street Works Permit Scheme will have on the public accounts. The actual costs of running the scheme will largely be offset by permit fee receipts.

With all the above in mind and using national research, data and assumptions and comparisons with other similar sized schemes the BCR appears to be strong.

Conclusion

The objective of the business case 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 Stockton.

The business case demonstrates that the permit scheme will allow for:-

- Savings on existing street works staffing budget.
- Future proofing of the service through the new structure providing better resilience.
- Implanting a scheme in conjunction with the other North East authorities will ensure a degree of alignment and reduce the risk of cross border conflicts.
- Improved parity of works across all statutory undertakers.
- Improved public information and communication.
- Reduced congestion.

Using the trends identified in the Department for Transport commissioned 2018 Ecorys national study the permit scheme will save approximately 695 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 benefit of £809k, but beyond the monetary savings there is also the immeasurable benefits such as the wellbeing of commuters due to less congestion and the improved experience for visitors to our town.

On balance, the benefits that the Stockton Borough Council scheme could deliver are through reduced disruption for all road users, improved works planning resulting in greater efficiencies and the reduced negative environmental effects outweigh the additional costs the permit scheme will impose on statutory utilities and on Stockton Borough Councils own highway works.

If approved and introduced, the scheme will be subject to review at the end of the first and third years, and every three years thereafter.