

Appendix 3 - BCP Street Works Permit Scheme Income and Costs Summary

INTRODUCTION

The Bournemouth Christchurch and Poole Council Permit Scheme (BCPCPS) has been designed and developed to be a best of breed scheme being replicated by other Highway Authorities in the South of England.

Roadworks are a necessity to enable Utilities and highways works to be carried out in order to renew, improve, maintain and install infrastructure. As these works take up valuable road space it is important that the impact is minimized as they can create disruption and delay.

The Permit Scheme is not intended to prevent activities necessary for the maintenance or improvement of the road network or the services running underneath it. It is designed to make available the necessary resources to achieve an appropriate balance between the interests of the various parties and where possible, bring about effective co-ordination between all the different competing interests.

Permit Schemes can charge a fee to cover the direct costs of operating the scheme and the Department for Transport (DfT) have published guidance and calculation tools to assist councils in their consideration and implementation of a permit scheme.

Permit Schemes cannot generate surplus revenue and must produce yearly reports to show the cost of operation of the scheme and the fee income received. A council must ensure that any variance between fees received and costs incurred is managed by raising or lowering their permit fees charged accordingly although DfT have set a maximum charge for permits that councils cannot go above.

ESTIMATED FEE INCOME

BCP Council have utilised the DfT Cost Benefit Analysis (CBA) calculator to assess the costs and benefits of using a permit fee scheme. Outputs from the calculator can be used as a guide to assess the feasibility of using a scheme in the local area and to support the business case for an authority moving to permits.

The calculator estimates that income to the value of £573,825 will be generated in permit fees during the first year of operation based on the current numbers of street works undertaken by Statutory undertakers.

BCP Council's street works IT system supplied the data on numbers of permits the council can expect to receive but some caution should be applied to the data used as BCP Council is a new authority and has had to amalgamate data from Dorset, Bournemouth and Poole Councils street works IT systems in doing so.

Also, to note the Statutory Undertakers works carried out can vary upwards or downwards year to year dependant on the Utility sectors workload and this is driven by new connections and repairs to existing plant.

Additional fees will be generated from cancelled/abandoned works and variations to permits already granted. The value of these 'extra' monies will rely heavily on the methodology a Permit Authority uses to manage their scheme. Namely a more proactive approach to granting permits early in their application period will result in more fees being recovered. Therefore, maximising a permit schemes potential relies heavily on the staffing resource engaged in delivering the service. BCP could expect an additional £100,000 per year income from these fees when the scheme is well established and functioning at optimum

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levels a prudent estimate of first year income could be £50,000. Potentially, therefore the income received in the first full year would be £623,825.

COSTS BUDGETS AND ACTUALS

Due to the risk associated with the anticipated amount of fee income being directly affected by operational decisions by Utility companies, a budget should be established that is less than the amount identified in the DfT CBA.

This risk managed approach also makes allowances for errors in the reporting of volumes by the IT system.

When the actual volume of permits is known budgets can be more clearly defined and regulations afford new permit authorities 3 years to balance income versus expenditure.

Estimated Costs Against Estimated Income		
Start-up Cost Centre	Year 1 Budget	Year 1 Actual
Invoicing, IT, training, reporting and other overheads	£150,000	£
Management Overhead	£73,825	£
Staff	£400,000	£
Totals / Income	£623,825	£

AVERAGE PERMIT COST

By dividing the number of Utility Permits granted by the Permit Scheme cost an average cost per Permit can be calculated.

This is a useful indicator of the general scheme costs to Utilities and can be compared to other schemes to show a general financial efficiency level.

Estimated Average Permit Cost to Utilities			
Promoters	Total Permit Applications	Total Scheme Cost	Average Permit Cost
Utility	8,000	£623,825	£77.98

Unauthorised / Abandoned / Cancelled work fees and fines is likely to generate additional income of around £50,000.