



<u>Committee and date</u>
Environment & Services Scrutiny 6 th March 2017

<u>Item</u>
<u>Public</u>

Street Works – West and Shire Permit Scheme

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1. Summary

- 1.1 The following report presents the West and Shires Permit Scheme (WaSP) Annual Report (Appendix A) which details its performance in the first two years of operation by the Street Works team in Highways and Transport; April 2014 – March 2016 inclusive.
- 1.2 The service within this period has continued to strive for improvement and continued its enterprising philosophy that created the permit scheme and have set up regional standard processes, increased the scope of its compliance, introduced new income streams and streamlined its work streams to maximise efficiency and profitability.
- 1.3 This Committee will recall that at the Permit Scheme inception an update report back to this Committee was required. Previous update reports have been provided to scrutiny.
- 1.4 It is also a recommendation that this Committee will annually review the WaSP Annual Report and the Service as a whole.
- 1.5 The Committee will recall that the first two years of the service's performance was reviewed by the Committee in 2016 therefore this report hasn't touched on this.

2 Recommendations

- 2.1 That Environment & Services Scrutiny Committee scrutinise and comment on the content of the WaSP Annual Report and the teams performance.
- 2.2 That Environment & Services Scrutiny Committee receive an annual review on the service with particular emphasis on the permit scheme.
- 2.3 That Environment & Services Scrutiny Committee receive the WaSP Annual Report for year 3 and the performance of the service in 2016-2017 at a later date in 2017.

2.4 That Environment & Services Scrutiny Committee note the publication of the WaSP Annual Report.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 The production of an annual report on the permit scheme is required under legislation and this report once published will deliver on that requirement subject to scrutiny and comment from the Environment & Services Scrutiny Committee.

3.2 While undertaking the review on the first two years of operation of the scheme the service took this as an opportunity to review and scrutinise the performance of the service, and this has highlighted a number of opportunities for development –

- a) **Dedicated resource to proactively manage the street works** and road occupancy element of development and growth sites throughout the county. This post is due to be recruited into before the summer.
- b) **More focus on improving utility performance.** There is now dedicated members of the team who will be proactively looking to improve the performance of utility companies, which should reduce the disruption to the network.
- c) The main risk to identify is that failure to publish the report will result in Shropshire Council breaching legislation.
- d) The report has highlighted that the performance of Shropshire Council Contractors and Consultants is lower than that of the utility companies, and with the new Contractor contract being developed there will be greater controls included to incentivise better performance, there remains however, more work needed to be done to improve performance of the Consultancy schemes run by Mouchel.

5. Streetworks Finance

5.1 A benefit of operating a permit scheme such as WaSP is that the cost of running the permit element (staff, equipment, software) can be reclaimed through the fees that each permit application generates.

5.2 Members should note that the remaining expenditure incurred by the Streetworks Team is covered by the other income generated by the service.

5.3 The below table specifically details the financial information of the first two years of the permit schemes operation. The report will detail each year's financial information separately.

	2014/15	2015/16
	£	£
Permit Income	284,610	580,095
Permit Team Costs	212,590	422,192
Transfer to Reserve	72,020	157,903
Cumulative Reserve Balance	72,020	229,923

2014/15

5.4 In the first year of operation there was 11,393 granted permit applications and this resulted in fees of £284,610 being recouped by Shropshire Council, at that time the cost of the service to run the scheme was £212,590.

2015/16

5.5. In the second year of running the scheme there was 13,261 granted permit applications and this resulted in fees of £580,095. The increase in the number of applications coincided in an increase in the size of the service (a restructure added 10 FTE's) as the increase of work had been forecasted and reacted to and this resulted in an increase in the costs of the team to £422,192.

Permit Reserve

5.6 As the above shows there has been more income than is spent by the authority in running the permit scheme. As the fee, level was set prior to the scheme being in operation it was anticipated that there would need to be a review of the permit fees following the first few years of running the scheme. Due to the restructures within the team since 2014, the fee review has not been undertaken yet as the costs of the service has fluctuated significantly.

5.7. Shropshire Council is not permitted to generate a long running surplus on the scheme and the legislation is clear. Regulations 29 – 32 of The Traffic Management Permit Scheme Regulations 2007 and their subsequent 2015 amendments detail the financial obligations of the authority not limited to;

- the maximum fee level,
- the inability to make a profit
- permitted costs and overheads.

5.8 The Statutory Guidance that was revised in 2015 by the Department of Transport and is stated below, in regards to the generation and application of the permit fees:

“The income from fees must not exceed the total allowable costs prescribed in the permit regulations. This balance can be achieved over several years. Allowable costs are limited to: the proportion of direct costs and overheads attributable to operating the scheme for undertakers, which are over and above the cost of the authority's co-ordination duty under NRSWA. This may include the costs related to permits, which may not always lead to a

permit being granted. Overheads can include: non-salary staff-related costs such as pensions and benefits, proportionate allocation of accommodation, central services and IT costs, as well as general administration and management for monitoring the permit system, KPIs and invoicing.”

5.9 The current amount in the reserves has been separately identified to ensure compliance. Following the report on year three of the scheme there is a scheduled fee review to ensure that the fee levels are correctly set – this will require consultation with the utility companies and other stakeholders.

5.10 Members are referred back to the initial report for permission to develop and implement a permit scheme which was presented to this Committee in October 2011 where the service stated that the authority could run a cost neutral scheme and provide a benefit to Shropshire and its residents in the process; this reports confirms that the service has delivered on that statement.

6. Performance of the Service

6.1. Approx. 10,000 days of network occupancy was saved annually in the first two years; this is achieved through reviewing each work application to ensure the duration granted is reasonable and doesn't prolong the time that the network is disrupted.

6.2. Within this period (April 2014 – March 2016) 9 phases of coring has been undertaken. This totalled 2466 individual cores being taken and of those 665(36.9%) were recorded as defective, meaning the Utility Company had to return to the make good the work. Without this testing the burden for the defective work would have been borne by Shropshire Council's Highways Team.

6.3. The WaSP working group which has a representative from each Council operating the scheme and each utility sector sat on it has been working to standardise the approach to permitting and compliance throughout the region. This has increased the impact of the measures put in place as it is regionally enforced and not just within the Shropshire road network.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
Street Works – Management of the Shropshire Council highway network –16 th March 2016
Street Works Management of the Utility Companies on Shropshire's Highways – 3 rd October 2011
Cabinet Member (Portfolio Holder) Cllr Simon Jones
Local Member All
Appendices Appendix A - WaSP Performance & Evaluation Report Years 1&2

