

Introduction of a National Schedule of Repair Costs for Network Damage (Green Claims)

Highways England is changing the way damage to the motorways and major 'A' roads in England is assessed; that is, claims against drivers or owners of vehicles who are liable for causing damage to our roads.

When one of our roads or assets is damaged by negligent drivers, Highways England as owner of the network is legally entitled to recover from the driver/owner of the vehicle causing the damage (or more usually the relevant insurer) the reasonable cost of repair so as to restore the network to its state before it was damaged. This recovery is commonly known as "Green Claims".

It has been apparent for some time that insurers consider the pricing of Green Claims in individual cases to lack transparency. The contractual arrangements between Highways England and its service providers, often containing separate regimes for claims above and below a £10,000 threshold, and different pricing methodologies, have led to varying labour and equipment rates and therefore significantly different repair costs being applied to similar repairs. Understandably, this has led to disputes over the reasonableness of individual claims (often of relatively low value), delays and under-recovery.

To address this, we are introducing a new National Schedule of Repair Costs ("the Schedule") for a range of typical repairs to the network, up to a value of £50,000 for barrier and road surface repairs and £20,000 for the repair of signs, lighting and fencing. Repair costs which exceed those thresholds will be priced on a bespoke claim-by-claim basis, as will non-typical repairs (for example, damage to bridges). We expect the Schedule to capture the great majority of all repairs which are required to the network. The Schedule is set out below.

The Schedule contains labour and equipment shift costs for planned work for each type of repair (the Planned Rates) as well as for more urgent work (the Reactive Rates). The Planned Rates, which will apply when the repair can be carried out as part of planned maintenance of the network, are based on a composite rate built up from prices from contracts we have let in each Area for maintenance and response. In pricing repair costs this way, Highways England is giving the insurance industry the benefit of the rates that it has been able to secure in a competitive market.

Where the repair has to be carried out as a matter of urgency in order to make the network safe and keep it operating normally, the Reactive Rates will apply. We define "urgency" as substantive repair works commencing within 48 hours of the incident giving rise to the damage. The Reactive Rates are more expensive as this is emergency repair work which cannot be carried out in a routine way taking advantage of any economies of scale and necessarily involves the diverting of resources from other planned activities. Even so, the Reactive Rates should compare favourably with industry benchmark rates such as CECA. And where it is possible to split work between urgent work and planned maintenance, to reduce overall costs, we will do so.

Our analysis shows that by using this National Schedule of Repair Costs, Highways England will better recover the costs of damage to our network (which would otherwise be paid by taxpayers) while passing on to insurance companies and vehicle owners/drivers competitive rates which Highways England has been able to secure in the market. The Schedule, which also shows the costs of the most common materials, will simplify the

process for all parties, make the pricing of Green Claims much more transparent, and should reduce considerably the effort and resources currently spent challenging costs in order for insurers to get comfortable that they are not paying too much.

Highways England considers the repair costs shown in the National Schedule to be well within the range of what would be considered “reasonable” costs for the repair activities shown. We are confident that moving to a National Schedule will re-set the relationship between Highways England and the Insurance Industry. There should be much less disagreement in the future, and very little need to resort to the courts to settle disputes. We do not intend to negotiate on the rates that we charge, and we will provide a detailed analysis of the work (shifts/quantities) that were needed in carrying out the repair.

The National Schedule will apply to all Areas (regardless of whether they operate under Asset Delivery or Asset Support Contracts). The only exceptions will be Area 5 which is a 30-year concession, and other DBFO roads where Green Claims will be pursued as per their current contracts. For those Areas still operating under Asset Support Contracts (which have different regimes for claims above and below £10,000), the service providers will continue to pursue the claims below £10,000, using the National Schedule. In reaching this point we have engaged with insurance companies (including the Association of British Insurers).

We recognise that continued engagement is required in order to enable the insurance industry to become comfortable with the new repair costs and the new approach. In particular, we will review the operation of the National Schedule after approximately three months to address any concerns, errors or inconsistencies. We may hold further reviews in the future, in which we will involve stakeholders, to make sure the new Schedule is working as intended.

We want to get this right and so we will take time to understand any issues the new approach presents for any party and iron out any wrinkles in the process. This is not a negotiation however and we will only make changes that clearly aid simplicity, fairness and transparency.

For further information please email NSORC@highwaysengland.co.uk and we will respond to your query.

Schedule of Rates

Table 1: Labour and Equipment Resource Shift Costs

Activity	Labour and Equipment Shift Cost	
	Planned Rate	Reactive Rate
Repair of Steel Vehicle Restraint System	£1,089.00	£2,178.00
Repair of Fencing	£854.00	£1,708.00
Renewal of Road Marking and Studs	£3,468.00	£6,936.00
Repair of Road Lighting	£1,662.00	£3,324.00
Repair of Signs (Illuminated)	£1,873.00	£3,746.00
Repair of Signs (Un-lit)	£1,873.00	£3,746.00
Temporary Traffic Management - Inside Lane Closures	£1,289.00	£2,578.00
Temporary Traffic Management - Outside Lanes or Carriageway Closures	£1,709.00	£3,418.00
Management or Supervision or Administration Duties	£662.00	£1,324.00
Repair of Pavement Surface	£9,993.00	NA
Make Safe and Restore Traffic Flow	NA	£1,474.00

Table 2: Materials

Repair of Steel Vehicle Restraint System	Unit of Measure	Rate
TCB barrier - single sided (including bolts etc..)	metre	£13.63
TCB barrier - double sided (including bolts etc..)	metre	£27.03
Post Standard Driven (including bolts etc..)	number	£17.48
Mounting bracket	number	£39.92
P1 Terminal - single sided (including concrete etc..)	number	£291.49
P4 Terminal - single sided (including concrete etc..)	number	£2,339.01
P1 Terminal - double sided (including concrete etc..)	number	£291.49
P4 Terminal - double sided (including concrete etc..)	number	£4,089.50
Additional concrete	cubic metre	£111.52
Repair of Fencing	Unit of Measure	Rate
Post and 3-rail fencing as MCHW HCD H15; 1.1m high	metre	£7.56
Timber close boarded fencing as MCHW HCD H14; 1.8m high	metre	£21.89
Timber field gate as MCH H21; 3.6m wide (including concrete and posts)	number	£267.16
Additional concrete	cubic metre	£111.52
Repair of Illuminated Signs and Road Lighting	Unit of Measure	Rate
Illuminated sign face - 1m ² including cabling	number	£83.37
Illuminated sign face - 2.5m ² including cabling	number	£194.00
Illuminated sign face - 5m ² including cabling	number	£480.80
Illuminated sign face - 10m ² including cabling	number	£775.98
Traffic signposts for illuminated signs 76mm diameter up to 4m length including cabling	number	£58.29
Traffic signposts for illuminated signs 114mm diameter up to 4m length including cabling	number	£72.12
Steel road lighting columns and brackets; single bracket arm and 12m column	number	£599.58
Steel road lighting columns and brackets; double bracket arm and 12m column	number	£798.36
Repair of Un-lit Signs	Unit of Measure	Rate

Non-lit sign face - 0.5m ²	number	£46.63
Non-lit sign face - 2.5m ²	number	£188.65
Non-lit sign face - 5m ²	number	£372.63
Non-lit sign face - 10m ²	number	£754.58
Traffic signposts for non-lit signs 76mm diameter up to 4m in length	number	£58.29
Traffic signposts for non-lit signs 114mm diameter up to 4m in length	number	£72.13
Marker post Type 1	number	£9.27
Disposal	Unit of Measure	
Disposal of unacceptable material (U1A)	tonne	£27.37
Pavement	Unit of Measure	
Tack coat residual 0.35kg per m ²	square metre	£1.12
Dense Base Asphalt Concrete (AC 32 HDM base 40/60 des)	tonne	£67.44
Dense Binder Asphalt Concrete (AC20 HDM bin 40/60 des)	tonne	£69.25
14mm Thin surface course system to Clause 942 PSV 65	tonne	£99.93
Sub-base type 1 unbound mixture	tonne	£96.88

Notes

All activities in Table 1 are based on a 9-hour shift, other than those for Temporary Traffic Management which are based on a 12-hour shift.

The Reactive Rates apply only when the repair works are to be carried out in an emergency situation in order to restore traffic flow as soon as possible.

The total claim cost is derived by applying the appropriate item rates from Table 1 to the number of shifts (0.5, 1, 1.5, 2, etc) required, in addition to the application of the appropriate item(s) from Table 2 to the quantity of material required.

The Repair of Pavement Surface activity includes the milling and relaying of the pavement surface. The rate for this activity recognises the likely requirement for night working.

The Make Safe and Restore Traffic Flow activity is always identified as Reactive and will only be included in the claim cost in such circumstances.

The rates for Labour and Equipment resources for each Planned activity are informed by the Maintenance and Response Contracts.

The rates for Labour and Equipment resources for Repair of Pavement Surface activity are informed by the Pavement Category Management Framework.

The Reactive Rates for Labour and Equipment resources for activities in Table 1 are based on the Planned Rate with an uplift of 100% to allow for:

- additional labour or equipment that may be required in ensuring that the repair is completed as soon as possible in restoring network availability,
- loss of productivity of routine maintenance duties from which the labour or equipment has been diverted, and
- inefficiency in productivity and procurement due to the unplanned or urgent nature of the works.

Additional Information

Why are we doing this?

Third-party claims on England's motorways and Major "A" roads amount to ca. £60m per year. Presently, around 50% of the value is managed by Highways England and 50% by Service Providers. Highways England currently recovers only around 20% of the total value. In addition, non-processed claims from previous fiscal years, amounts to around £42m. This approach, and the introduction of a consistent methodology for determining costs offers a more efficient and equitable means to recover costs. We expect to halve recovery times, reduce effort required (from both Highways England and Insurers) and increase confidence in our processes.

What claims do we expect to use this for?

We expect most third-party claims we submit to be based on the schedule of repair costs - up to the value of £50,000 for barrier and road surface repairs and £20,000 for the remainder of the assets most commonly damaged by a third party. There are however

incidents that incur more significant damage, where bespoke claims will need to be submitted. In these cases, we will apply one of the following:

- Undertake the repair and then claim the cost for carrying out.
- Estimate and Validate the repair cost using cost estimating principles.
- Average cost of repair for a typical asset of that size.

On what basis have the rates been calculated?

The National Schedule of Repair Costs have been derived from competitively tendered rates from across England. In arriving at the National Schedule of Repair Costs we have taken in to account other information available to us to ensure that they can be substantiated as being reasonable costs.

On what basis will the planned and reactive rates be applied?

The National Schedule of Repair Costs contains repair costs for planned work for each type of repair as well as costs for more urgent work (reactive). The planned costs will apply when the repair can be carried out as part of planned maintenance of the network. In pricing repair costs this way, Highways England is giving the insurance industry the benefit of the rates that it has been able to secure in a competitive market. Where the repair has to be carried out as a matter of urgency (reactive work) in order to make the network safe and keep it operating normally, the reactive costs will apply. The reactive costs are more expensive as such repairs cannot be carried out in a routine way and necessarily involve the diverting of resources from other planned activities. Even so, the reactive costs compare favourably with industry benchmark rates such as CECA. Where it is possible to split work between urgent work and planned maintenance we will do so.

What rates will be applied for areas outside of the roll out?

The National Schedule of Repair Costs (NSoRC) will apply to all Areas (regardless of whether they operate under Asset Delivery or Asset Support Contracts). The only exceptions will be Area 5 which is a 30-year concession, and other DBFO roads where Green Claims will be pursued as per their current contracts.

For further information please email us at: NSORC@highwaysengland.co.uk