

Committee(s): Streets & Walkways Sub Committee Planning & Transportation Committee	Date(s): 4 December 2018 18 December 2018
Subject: Lane Rental	Public
Report of: Director of the Built Environment	For Decision
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Summary

The Department for Transport have now provided guidance for local highway authorities in England on how to introduce Lane Rental schemes, which would be subject to the approval of a business case by the Secretary of State. That guidance followed the assessment of two trial schemes by Transport for London & Kent County Council, as well as a public consultation.

Lane Rental allows a highway authority to apply a daily charge on all works taking place on designated roads during traffic sensitive times, thereby providing a financial incentive for works promoters to find ways to reduce durations or avoid traffic sensitive times altogether. The daily charge of up to £2500 can be applied to cover up to 5% of the authority's road network and must equally apply to both highway authority works & utilities.

Following public consultation, the DfT decided to authorise the introduction of more Lane Rental schemes because on balance it felt that authorities should have the opportunity to apply this incentive on their most congested streets.

However, the limitations of using Lane Rental as a blunt tool to incentivise faster or off-peak roadworks has considerable limitations at a local level, particularly in terms of its consequences for local stakeholders, encouraging short-termism and by devaluing current best practice. The current TfL scheme has caused tension with City residents by encouraging more night-time works, it can distort investment decisions by utilities to replace their infrastructure, and the requirement to apply the scheme to City Corporation works would impact the affordability of public realm enhancements for the City and developers, regardless of how well programmed these works already are.

These concerns would suggest the case to introduce Lane Rental is not clear cut, particularly if the City were to act alone. So far there appears limited appetite from other Central London authorities to introduce Lane Rental, but with the upcoming Transport Strategy re-examining how the City approaches and prioritises the management of its streets, a long-term move to introduce limited Lane Rental in conjunction with other Central London authorities should not be ruled out.

Recommendation(s)

Members are recommended to agree:

- that the City work with other highway authorities to establish whether a 'critical mass' of Lane Rental streets in Central London can be established (paragraph 12, Option 3);
- to keep matters under review in conjunction with the aims & objectives of the forthcoming Transport Strategy;
- that officers continue to identify & promote safe and effective ways of working that help reduce the duration of works on City streets.

Main Report

Background

1. The concept of applying Lane Rental charges to utility and highway authority roadworks was first established by s74A of the New Roads and Street Works Act 1991, but only with the introduction of the Street Works (Charges for Occupation of the Highway) (England) Regulations 2012 was the authority given to introduce such schemes.
2. Lane Rental seeks to reduce the disruption to traffic caused by roadworks in specific traffic-sensitive locations by applying a daily charge to all works for each day the road is occupied during those traffic sensitive times. That charge of up to £2500 a day is intended to be sufficient to encourage works promoters to find ways to minimise the duration of their occupation of the street in order to avoid it.
3. The first Lane Rental scheme under these regulations was introduced by Transport for London in June 2012, covering over half their network (as a special case) and coinciding with other measures for the Olympics. A second pioneer scheme was implemented in Kent the following year covering 5% of their road network, but the Department for Transport (DfT) ruled out further trials until the benefits of these two schemes could be evaluated. Both schemes also contained a 'sunset' clause whereby they would end in March 2019 unless the regulations were amended.

Current Position

4. The DfT published a public consultation on the way forward for Lane Rental schemes in September 2017, seeking views on whether Lane Rental should be discontinued, whether TfL and Kent alone should be allowed to continue, or whether the opportunity to introduce Lane Rental should be opened up to other local authority areas.
5. After considering the various responses, as well as evaluations of both the Kent and TfL schemes, the DfT published their response in February 2018. In summary it found that views on the effectiveness of lane rental were polarised between the desire to use a range of tools to better manage the network and the impact of having different approaches creating confusion & limiting the effectiveness of the concept.

6. On balance, the DfT decided to allow TfL and Kent to continue their schemes beyond 2019 and to allow other authorities to apply for & set up Lane Rental schemes subject to Secretary of State approval. The maximum daily charge of £2500 would be retained, ideally with discounts offered for joint working, Lane Rental could only apply to the most congested roads (and be no more than 5% of the total road network), and new schemes must be trialled first and reviewed annually.
7. In terms of how Lane Rental could apply in the City, the following paragraphs set out some of the advantages and disadvantages the scheme might have.

Advantages

8. Lane Rental is intuitively attractive because it implicitly recognises that traffic congestion has a cost, and by making those responsible for occupying the road (and thereby creating congestion) pay a fee, it seeks to at least partly offset that cost to society.
9. Both the TfL and Kent schemes have also found that the financial impact to the works promoter can have an effect, and that it does (in certain circumstances) create incentives to examine ways to speed up works or avoid working during traffic sensitive times. This is particularly beneficial where the potential network capacity benefits are significant (such as on TfL's roads), where even marginal gains can have considerable economic benefit.
10. Lane Rental also generates an income stream to the highway authority, albeit this is strictly ring fenced for measures intended to reduce traffic disruption. When spent, Lane Rental income must also be vendor neutral so that it does not distort the marketplace for utility networks by creating a competitive advantage for one supplier over another.

Disadvantages

11. In return, there remain a number of significant disadvantages to Lane Rental, some of which are more keenly felt by a local highway authority (compared to a large strategic authority such as TfL) because they typically impact the needs & priorities of local stakeholders, plus they can be more difficult to absorb by a smaller authority:
 - Lane Rental incentivises works out of hours, and the current TfL scheme has frequently caused tension with local residents in the City who have suffered more noise nuisance as a result (41% of planned works on TfL's Lane Rental streets now take place overnight compared to 11% in 2011);
 - Lane Rental also incentivises 'quick fixes' in terms of reinstatement that might be acceptable on TfL's roads but not on City streets, particularly where specialist materials like granite setts require adequate curing time to embed themselves;
 - Lane Rental imposes a cost on everyone, even for legitimate work with no opportunity for avoiding the charge and for works that might not cause congestion;
 - It undersells current Best Practice like the Considerate Contractor Streetworks Scheme because it assumes that all works promoters

(including the City and our contractors) are currently inefficient in managing their activities;

- Utilities can effectively pass on these costs to their customers, somewhat limiting the incentive;
- Equally, where industry regulators limit that cost transfer, Lane Rental fees can add cost to the business case to invest in major infrastructure upgrades, delaying or preventing investment in the replacement of failing utility plant & pipelines;
- Lane Rental fees must apply equally to local authority works, which would typically increase the costs of public realm enhancement projects (which might affect their affordability), and increase the cost of reinstating the public realm for developers around their buildings;
- If Lane Rental does create positive incentives, it cannot apply to works done by building sites (ie scaffolds, hoardings & loading bays), nor can it apply to non-utilities connecting to utility networks as these are deemed private excavations;
- Lane Rental works best on corridors where the scheme is applied consistently by one authority (such as the TfL Road Network), as opposed to local routes that lie across different local authorities with potentially different schemes or no scheme at all;
- The DfT have limited the extent of the road network covered by Lane Rental to 5% (except for TfL), but by creating a two-tier network it incentivises works promoters to focus their resources on these streets whilst works on other streets are left to drift;
- The disproportionate administrative costs of running a small local scheme have the potential to significantly absorb the income such a scheme would generate;
- The threshold to establish a sufficient business case for the Secretary of State to consider is considerable, with the DfT estimating it would take an authority around 12 months to develop, consult and implement such a scheme.

Options

12. Given the issues set out above, officer-level discussions at the London Joint Authorities Group (representing London's highway authorities) would suggest a limited appetite so far from other authorities in London to adopt Lane Rental. However, the next steps for the City Corporation could be:

- Option 1: Do Nothing
- Option 2: Investigate the benefits & challenges of Lane Rental on the basis of the City acting alone
- Option 3: Work with other highway authorities to establish whether a 'critical mass' of Lane Rental streets in Central London could be established

13. Building the business case sufficient for public consultation, supported by Members and approved by the Secretary of State is likely to take considerable time and funding. It would require an assessment of the costs of switching to off-peak working, establishing the administrative costs of operating the scheme, and modelling the benefits of Lane Rental, including establishing in monetary terms the impact on journey times, fuel carbon emissions & accident reduction.
14. Such assessments in turn have to be based on assumptions on behaviour change and average roadwork costs which require specialist consultancy support to set out. In the past, such complex business cases (such as the one supporting the London Permits Scheme) have been built on a cross-borough basis, where authorities can share resource & expertise in building the business case, as well as deliver better outcomes by achieving a consistency of approach.
15. Barring exceptional circumstances, the Secretary of State's limitation to just 5% of the road network being covered by Lane Rental would mean that just 3km of the City's 63km of road could be considered. As a result, any such scheme would also have to be highly targeted on locations where the benefits would be demonstrable.

Proposals

16. Currently the proposals as set out by the Secretary of State have sufficient disadvantages at the local level that the case does not appear decisive enough to move immediately towards adopting Lane Rental, particularly with the City acting alone. However, with the City's Transport Strategy currently in public consultation, this may change depending on the Strategy's final direction on network management.
17. Therefore, the challenges of running a single localised Lane Rental scheme compared to the benefits from working with other Central London authorities would appear to favour Option 3. Working with colleagues to establish whether a 'critical mass' of authorities is prepared to support such a scheme in future would appear to be the most suitable action for now.
18. In the meantime, however, the pressure on the City's network for roadspace to undertake statutory utility, highway authority and building development activity remains high, so that officers must continue to identify & promote safe and effective ways of working that help reduce the duration of works on City streets.

Corporate & Strategic Implications

19. The City's statutory Network Management Duty creates a responsibility to minimise disruption on its road network, requiring officers to work closely with major project sponsors, utility companies, developers, our own contractors and key Members to co-ordinate activities and minimise the impact of works on our streets.
20. In the context of the draft Transport Strategy, the City is also committed to apply best practice to the management of street works and other highway activities, which would include a review of the net benefits available from introducing Lane Rental. However, given the broad focus of the Strategy towards reducing overall

vehicle demand and rebalancing the City's priorities towards pedestrians, other more sophisticated methods of reducing congestion are likely to arise that will have greater net benefit than can be achieved by simply applying a tax on roadworks.

Conclusion

21. The case for operating a Lane Rental scheme has been sufficiently proven to the Secretary of State by TfL and Kent County Council that they have been permitted to continue operating their trial schemes. However, the limitations of using Lane Rental as a blunt tool to incentivise faster (or night-time) roadworks has considerable limitations at a local level, particularly in terms of its consequences for local stakeholders, encouraging short-termism and by devaluing current best practice.
22. With the aims & objectives of the City's Transport Strategy still evolving, it is proposed to continue working with other highway authorities in Central London and the utility sector to consider these challenges together, so that if in future Lane Rental is thought to be an appropriate next step, such a scheme can be implemented to deliver the right incentive without causing significant adverse consequences on local stakeholders and road investment.

Appendices - None

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