



Guidance

Lane rental schemes: guidance for English highway authorities

Updated 17 March 2024

Applies to England

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Foreword

This government is keen to make life easier and safer for everyone who uses our roads.

On 2 October 2023, we published our <u>Plan for drivers</u> (https://www.gov.uk/government/publications/plan-for-drivers). In support of smoother journeys for all road users, we announced ways of fixing roads faster and encouraging more efficient street works.

The plan set out 2 measures to specifically support lane rental rollout, aiming to reduce the amount of drivers' time lost and the stress caused by works by:

- helping more highway authorities establish lane rental schemes, by making it easier and quicker for authorities to set them up, ensuring more parts of the country can benefit
- consulting on requiring authorities with lane rental schemes to use at least 50% of any surplus funds on pothole repair. I announced the <u>Street</u> works: fines and lane rental surplus funds consultation (https://www.gov.uk/government/consultations/street-works-fines-and-lane-rentalsurplus-funds/street-works-fines-and-lane-rental-surplus-funds) on 15 January 2024.

More widely, the government is investing in road maintenance, for example, in the spring 2023 Budget, the Chancellor confirmed an additional £200 million to fix potholes (https://www.gov.uk/government/publications/highways-maintenance-funding-allocations/additional-budget-2023-highways-maintenance-and-pothole-repair-funding-2023-to-

2024#:~:text=Additional%20%C2%A3200%20million%20for%20the%20Potholes%2 0Fund%20%E2%80%93%20Budget%202023,-

Highway%20authorities%20in&text=Where%20highway%20authorities%20are%20part,level%20of%20the%20Combined%20Authority.) and improve our local road networks and, in November 2023, £8.3 billion of redirected HS2 funding for local authorities to resurface and repair local roads

(https://www.gov.uk/government/news/8-billion-boost-to-repair-roads-and-back-

(https://www.gov.uk/government/news/8-billion-boost-to-repair-roads-and-back-drivers).

We know that lane rental is effective at reducing congestion from works on the busiest roads at the busiest times, and we would like to see more schemes put in place.

Once approved, lane rental allows an authority to charge up to £2,500 per day for works that can cause congestion on critical parts of the highway network. This incentivises organisations to either move their works to less busy times, or complete their works quicker to avoid accumulating charges, thus reducing congestion and helping to create smoother journeys for all.

This guidance has, therefore, been updated to support the uptake of lane rental by addressing the perceived barriers to lane rental development and implementation, including

- · advice on joint lane rental schemes
- updates to cost-benefit analysis requirements
- and other updates to help reduce the administrative burden for applications to operate lane rental

Guy Opperman MP

Parliamentary Under Secretary of State

Introduction

Lane rental allows a highway authority to charge up to £2,500 per day for works on the busiest roads at the busiest times. It helps to minimise disruption and charges apply to works promoted by both utility companies and highway authorities. Schemes need to be approved by the Secretary of State for Transport before they can become operational.

This guidance is aimed at highway authorities in England that wish to bid for approval to operate lane rental. It sets out advice on developing proposals and supersedes the last edition published on 9 July 2021 and any other previous versions.

Legislative background

Primary legislation for lane rental is set out in <u>section 74A of the New Roads</u> and <u>Street Works Act 1991 (NRSWA)</u>

(https://www.legislation.gov.uk/ukpga/1991/22/section/74A). The relevant regulations are the <u>Street Works (Charges for Occupation of the Highway)</u> (England) Regulations 2012

(https://www.legislation.gov.uk/uksi/2012/425/contents/made) (the 2012 regulations) made under section 74A of NRSWA.

This guidance should be read in conjunction with other statutory guidance for street works, in particular, those covering:

• <u>coordination of works in the highway</u> (https://www.gov.uk/government/publications/street-works-co-ordination)

• <u>the operation of a permit scheme</u> (https://www.gov.uk/government/publications/street-works-permit-schemes)

The power for highway authorities to implement and operate lane rental in England is subject to the approval of the Secretary of State.

This guidance is non-statutory. However, it provides advice as to the conditions under which the Secretary of State is likely to approve (or not approve) a proposal to operate lane rental. Nothing in this document amends any requirements under existing legislation and both highway authorities and utilities need to adhere to their respective duties under sections 59 (https://www.legislation.gov.uk/ukpga/1991/22/section/59) and 60 of NRSWA (https://www.legislation.gov.uk/ukpga/1991/22/section/60) to coordinate works and to cooperate.

This guidance applies to bids for new or substantially amended lane rental schemes.

Wider context

Street works are carried out by utility companies (for example, water, gas, electricity and telecommunications, which are also known as statutory undertakers (https://www.legislation.gov.uk/ukpga/1991/22/part/III/made? view=plain)), to install, repair or maintain the vital services upon which we all rely. Road works are carried out by highway authorities to maintain the roads or, for example, to install cycle or bus lanes.

There were 2.2 million street and road works carried out in England between April 2022 and March 2023. These can cause significant disruption to people's journeys and congestion, which is estimated to cost the economy over £4 billion per year ('Halcrow 2004, Estimation of the Cost of Delay from Utilities' Streetworks').

As such, government considers that there is considerable scope to reduce this disruption and is taking steps to ensure that the impact of works on congestion is minimised for the benefit of road users.

The Traffic Management Act 2004

(https://www.legislation.gov.uk/ukpga/2004/18/contents) (TMA) contains powers to enable authorities to operate permit schemes. Permit schemes have been essential in improving the management and coordination of works, thereby reducing disruption and impacts on road users. Almost every authority in England now operates a permit scheme, which also helps them meet their network management duty under the TMA. It is the highway

authority's responsibility to ensure that it makes appropriate use of the powers at their disposal.

NRSWA provides for financial incentives to reduce the disruption caused by street works. Authorities can levy overrun charges under section 74 of NRSWA where street works are not completed on time. While these charges provide a strong incentive to avoid works overrunning beyond the end of the duration of the permit, they do not provide a similar incentive to reducing durations or disruption to road users within the duration agreed as part of the permit application.

The role of lane rental

Section 74A of NRSWA enables highway authorities, with the approval of the Secretary of State, to charge statutory undertakers a daily charge for each day during which their works occupy the highway – commonly referred to as lane rental.

The main aim of lane rental is to reduce the impact of works on the busiest roads at the busiest time on road users. Charges should be targeted at encouraging those engaged in works to reduce congestion by, for example, carrying them out:

- · at different times
- · at different locations
- jointly with other works

NRSWA and the 2012 regulations provide the legal basis for lane rental charges to be applied to utility street works and do not require lane rental charges to apply to highway authority road works. However, road works typically account for around one-third of all works in the street, also cause disruption, and road users do not distinguish between street and road works.

As a result, the DfT's policy position is that schemes should apply to an authority's own works in the same way as is the case with the existing lane rental schemes in Kent, London, Surrey and West Sussex. This is consistent with the 'parity' principle, which is a well-established principle for this sector and the Traffic Authority's network management duty set out in the Traffic Management Act 2004.

The government considers that well-designed and well-targeted lane rental, which need to be focused on the most critical parts of the highway network and with charges applying only at the busiest times, should encourage

those undertaking works (including road works) to carry out their works in a less disruptive manner.

Lane rental does not replace a permit scheme. It is an additional regime that provides a clear framework for a targeted approach to network management and reducing congestion from works, so that lane rental is focused on the key strategic locations and with charges applied only at the busiest times.

For example, where appropriate and consistent with protecting public safety, lane rental could provide real financial incentives that encourage works promoters to:

- reduce the length of time that sites are unoccupied, hence reducing total works durations
- improve planning, coordination and working methods to maximise efficiency
- carry out more works outside of peak periods, reopening the highway to traffic at the busiest times (for example, by plating over their excavations) and/or making greater use of evening or weekend working where the local environmental impact is acceptable
- optimise the number of operatives on site to enable works to be completed as quickly as possible
- complete works to the required standard the first time, and with permanent reinstatements, reducing the need to return to the site to carry out remedial works

While works promoters may already employ these practices to some extent, their capacity to do so will be limited by the costs involved and the resources available to them given the terms of their regulatory settlements. Major infrastructure renewal programmes and other essential works will inevitably take time and cause some disruption even with lane rental in place. But works promoters are more likely to be inclined to invest in practices such as those suggested above if, by doing so, they can reduce their exposure to lane rental charges that would otherwise be payable.

Before applying for lane rental, highway authorities need to demonstrate the operation of a well-run permit scheme. This should be demonstrated in evaluation reports and may include:

- permit fees that are proportionate
- discounts offered for joint works
- compliance with permitting regulations and guidance
- permitting applied equally to both utility street works and highway authority road works
- schemes fully supporting delivery of national infrastructure projects such as:

- · broadband/full fibre rollout
- installation of electric vehicle (EV) charging or heat network infrastructure

Incentives could also be offered for high-quality performance, including right-first-time reinstatements.

Lane rental charges should be used to incentivise work outside of peak times, charges should be waived for joint works and caps or discounts should be put in place for major works to install and replace apparatus so that these works are not unfairly penalised and delayed.

Prior to legally coming into force, lane rental should be trialled for a period before 'going live' and reviewed annually to ensure charges remain proportionate and are applied to the most congested roads.

At publication, there are 4 lane rental schemes in operation. <u>Transport for London (TfL) (https://tfl.gov.uk/info-for/urban-planning-and-construction/our-land-and-infrastructure/lane-rental-scheme) and Kent County Council (https://www.kent.gov.uk/roads-and-travel/highway-permits-and-licences/kent-lane-rental-scheme) have been operating lane rental successfully on parts of their road network since 2012 and 2013. Surrey County Council (https://www.surreycc.gov.uk/roads-and-transport/permits-and-licences/road-opening) and West Sussex County Council (https://www.westsussex.gov.uk/roads-and-travel/traffic-management/west-sussex-lane-rental-scheme/) began operating in 2021 and 2022. New schemes are now being consulted on and further information on those can be found on the relevant authority's website.</u>

There are costs associated with the development of lane rental. Setup costs can include, but are not limited to:

- · congestion analysis
- cost-benefit analysis
- the undertaking of public consultation
- · resources to develop the scheme itself

Costs should be proportionate to the outputs required to satisfy local obligations. Schemes developed to date have either self-funded or procured external expertise to help develop their scheme.

Net proceeds from overrun charges

(https://www.legislation.gov.uk/uksi/2009/303/contents/made) may be used to help support highway authorities seeking to fund the development of a lane rental scheme. All authorities must continue to keep account of any application of charges.

At the time of publication, surplus funds generated from lane rental operations must be used to fund projects that 'reduce the disruption and other adverse effects caused by street works'. We are consulting on a proposal for at least 50% of surplus lane rental funds (https://www.gov.uk/government/consultations/street-works-fines-and-lane-rental-surplus-funds), where these do arise, to be used by a highway authority to repair potholes.

Surplus lane rental funds can also be used to fund other projects, which are agreed through governance arrangements. Existing funds have supported projects from a range of organisations, especially those involving innovation, trialling new techniques for speeding up street and road works, installing ducting on busy routes that can subsequently be used by utilities and implementing extraordinary measures to mitigate congestion caused by street and road works.

Future governance arrangements can include joint administration of surplus funds. Further information on this is set out in application of surplus funds.

Lane rental scope

Objectives

A highway authority needs to be clear about its objectives before taking any decision to begin developing lane rental. Authorities must already have in place a permit scheme and will need to provide evidence, including data about its network, to demonstrate that the permit scheme has been operating effectively.

For example, evidence will need to demonstrate that permit fees are proportionate, discounts are offered for joint works, there is compliance with all the <u>permit regulations</u>

(https://www.legislation.gov.uk/uksi/2007/3372/contents/made) and all statutory guidance (https://www.gov.uk/government/publications/street-works-permit-schemes-conditions) (including publication of evaluation reports as required – see regulation 16A of the permit regulations) and that schemes fully support the delivery of national infrastructure projects like the rollout of broadband/full fibre networks, heat networks or EV charging infrastructure.

Incentives could also be offered for high-quality performance, including right-first-time reinstatements. The first evaluation report covering the first

12 months of the permit scheme's operation must also have been published in accordance with the relevant regulations.

Authorities are additionally able to designate any objectives they identify in relation to their proposed operation of lane rental, for example, a highway authority may link their scheme to environmental targets.

Authorities should take into consideration the lessons from the lane rental schemes currently in operation, Kent County Council, TfL, Surrey and West Sussex. This can be achieved by reading the evaluation reports from these schemes and by liaising directly with current lane rental operators. Highway Authorities and Utilities Committee (HAUC) England representatives can also provide support to those seeking to develop a scheme.

The government considers that charges must be applied only when works occupy the highway at peak periods, with exemptions from charges at other times, to provide financial incentive to carry out works at less disruptive times. Providing exemptions that encourage less disruptive working practices will also help to demonstrate to utility companies, and their customers, that lane rental costs are targeted and avoidable and are not simply being employed as a money-raising tool.

Exemptions and discounts for lane rental charges also encourage collaborative working practices, which benefits highway authorities when coordinating works on their network.

So that these works are not unfairly penalised and delayed, authorities will need to set out:

- their proposed charging regime
- how they will use lane rental charges to incentivise work outside of peak times
- that charges will be waived for joint works
- that caps will be put in place for major works to install and replace apparatus

The same charging principles will need to be applied fairly to all works by all works promoters and there should be no blanket exemptions.

An authority needs to consult locally on proposals for schemes before finalising its bid. Before charges 'go live', the government expects authorities to trial schemes for a period and they should be reviewed annually to ensure charges remain proportionate and are applied to the most congested roads. Authorities will need to outline their proposals for setting up, rolling out and operating schemes.

It is possible for authorities to run joint lane rental schemes. This may help with the operation and management of schemes, especially in neighbouring

areas and where congested roads pass through more than one authority. Authorities that want to do this should outline their proposals, including the governance arrangements for administering surplus lane rental funds.

Considering the network management duty of authorities, the government believes it is important that they ensure lane rental powers are used to address all potential impacts on their network. An authority will, therefore, be expected to demonstrate that the same standards and charges apply to their own activities and works and provide an undertaking to operate lane rental charges on all specified works that meet the criteria, including those by the promoters of their own work.

Introducing cost-benefit analysis

Authorities proposing lane rental will need to show that they have taken an evidence-based approach to identify critical parts of the network, which might include certain junctions, pinch points and heavily trafficked streets or parts of streets that are already operating close to, or beyond, their intended capacity.

We know that authorities will prepare a cost-benefit analysis for their own purposes and decision-making. The congestion benefits of disincentivising works being conducted during chargeable times should be compared against the congestion disbenefits associated with an increase in works undertaken outside chargeable periods. The cost-benefit analysis should also include evidence of how the proposed scheme is designed, so that works promoters can reduce their exposure to charges through changes in working practices.

DfT has published a <u>cost-benefit analysis form</u> (https://www.gov.uk/government/publications/street-works-lane-rental) to be submitted alongside bids, containing outputs from the bidder's own cost-benefit analysis, and considered as part of the bid's assessment.

To support authorities in completing the cost-benefit analysis form, DfT has also published a worked example. It is recommended that authorities review both DfT's cost-benefit analysis form and the worked example prior to undertaking their own analysis to ensure outputs are consistent with DfT expectations. More information on the cost-benefit analysis can be found in Lane rental development, approval, variation and evaluation.

To aid consistency in the development of lane rental, the following definition of congestion should be used: the total delay per link/road segment per vehicle per mile comparing average journey times with a free flow time counterfactual. More information on this can be found in Congestion. This is

the definition used by DfT for the relevant congestion statistics data that it provides to authorities for their roads on an annual basis, and for some urban authorities every quarter.

Network coverage

The government considers lane rental must focus specifically on those critical parts of the highway network where the costs of disruption caused by works are greatest. Lane rental should not be applied widely across an authority's road network since much of this is unlikely to be at capacity or experiencing congestion. This is to ensure lane rental succeeds in reducing disruption caused by works while avoiding excessive costs being passed onto utility customers and to highway works promoters who also pay the charge.

In previous guidance, we said that we expected new applications for lane rental to cover no more than 5% of an individual highway authority's network. This was to ensure the policy was not applied indiscriminately and raised excessive surplus funds. Those carrying out works also need opportunities to avoid charges by, for example, relocating works or carrying them out at non-busy times. The 5% was based on Kent County Council's initial lane rental. We noted in the guidance that we might approve bids that covered more than 5% if this was backed by analytical evidence. Current schemes typically cover 7% of the county's network. In TfL's case and given that it operates the strategic road network in Greater London, its scheme currently covers 68% of its road network.

We know that other lane rental schemes in development may cover several authority areas as part of a joint scheme, or they may cover part of a key route network managed by combined authorities, or they may be in a city. We, therefore, need to recognise the differences between individual authority networks and cater for lane rental being applied to key routes or via joint schemes.

It was, however, helpful to use the 5% number to indicate that lane rental should be focused on the busiest parts of the network only and that it should not be excessively applied. Lane rental is not a revenue-raising regime.

Therefore, and to allow for local variation, we are updating this guidance to note that DfT expects lane rental to cover between 5% and 10% of an authority's network where it is being operated by an individual authority, or an individual authority within a joint scheme (so 5% to 10% each for each authority within a joint scheme).

For lane rental that is applied to a key route network, for example, within a combined authority area, DfT will consider proposals on a case-by-case

basis for wider coverage of that network, if it can be demonstrated and evidenced that lane rental is only being applied to the most congested parts and at the most congested times. We advise the combined authority to contact DfT as early as possible to discuss this.

For all bids, an authority will need to demonstrate coverage of a proposed lane rental scheme, specifying the streets to which it applies, supported by congestion and cost-benefit analysis outputs in the DfT cost-benefit analysis form. Any proposals seeking to apply charges excessively, or not backed up by robust analysis, will not be considered for review by DfT.

Lane rental can also apply to a small percentage of the network. For example, a small or more rural authority may decide, based on evidence, that lane rental is only of benefit to a small number of strategic roads within its area that are critical to traffic flow, especially at peak times.

Traffic-sensitive streets

Streets identified as subject to lane rental charges will need to meet the criteria and designation of either a traffic-sensitive street or a strategically significant street. Where such criteria cannot be demonstrated for the whole 24-hour period, we expect that, at these times, the road would be exempt from lane rental charges.

Strategically significant streets are defined as including streets that have been designated as traffic sensitive in accordance with the criteria set out in regulation 16 of The Street Works (Registers, Notices, Directions and Designations) (England) Regulations 2007 (https://www.legislation.gov.uk/uksi/2007/1951/regulation/16/made), as well as streets that fall into reinstatement categories 0, 1 or 2 as defined in the specification for the reinstatement of openings in highways (SROH) (https://www.gov.uk/government/publications/specification-for-the-reinstatement-of-openings-in-highways).

The <u>code of practice for the coordination of street works</u>
(https://www.gov.uk/government/publications/street-works-co-ordination) sets out guidance around traffic-sensitive street designation.

Prior to any submission for approval, an authority must undertake a review of their traffic-sensitive street designations and ensure updates have been made to reflect recent changes in legislation (https://www.legislation.gov.uk/uksi/2022/831/contents/made). The changes removed certain eligibility criteria, meaning an authority needs to ensure its network correctly applies traffic-sensitive designation.

<u>Geoplace (https://www.geoplace.co.uk/about-us/who-we-are)</u> provides guidance on conducting traffic-sensitive streets reviews (https://www.geoplace.co.uk/local-authority-resources/street-works-managers/traffic-sensitivity-reviews).

Other roads (such as single road access to a village or a port) that do not meet any other criteria of a traffic-sensitive street and are protected streets can be considered as part of a lane rental proposal, provided explanation and justification for their inclusion is supported by clear evidence.

Lane rental considerations

The detailed design of lane rental and the exact streets that should form part of it will, subject to certain criteria, be determined at a local level. This will need to be undertaken by highway authorities in close consultation with works promoters of both utility and highway works and other interested parties.

The legislation sets several important boundaries within which all schemes will have to operate, including:

- maximum charge levels that can be applied (up to £2,500 per day)
- types of works and streets in respect of which lane rental charges can be applied and
- the purposes for which the highway authority may use the proceeds of lane rental schemes

The legislation provides discretion for authorities to vary certain features of schemes subject to constraints, such as specific streets (or parts of streets), times and days at which charges will apply, as well as the circumstances in which charges will be waived or reduced.

Authorities are expected to adhere to and comply with these principles, which will inform the Secretary of State's consideration of bids.

It is the highway authority that should bid for a lane rental scheme. A combined authority that wants to run its own scheme will need to be the highway authority for the roads in question or to have that power delegated to them, for example, as part of a devolution settlement.

Streets eligible for lane rental

Lane rental charges need to target the most critical parts of an authority's street network. These are the streets (or parts of streets) where evidence shows that works in the highway cause the highest levels of disruption and thus require the greatest efforts to smooth traffic flow. Therefore, streets should be selected only where the daily charge will have the most effect in reducing disruption caused by works. Methods for demonstrating the reduction in disruption will need to be put in place so that it can be used to inform the evaluation of the scheme.

The 2012 regulations prevent the application of lane rental charges on streets that have not been designated as traffic-sensitive by the highway authority. However, the fact that a particular street is designated as traffic-sensitive or protected is not, of itself, a sufficient reason to justify its inclusion within the scope of lane rental. Likewise, there may be specific evidence or reasoning behind proposing a specific street is designated lane rental.

In considering proposed schemes, the Secretary of State will need to see that the authority has adopted an evidence-based approach to identify the critical streets (or parts of streets) where lane rental charges are to apply. This evidence will be supported by data collected and reported on as part of the evaluation of a permit scheme.

Although the focus of lane rental schemes must be works that affect the carriageway (either directly or because a footway closure requires the provision of a safe route for pedestrians in the carriageway), authorities will need to consider how their scheme will treat works that do not affect the main carriageway. It should be noted that footways of traffic-sensitive streets at traffic-sensitive times can only be included when works involve breaking up the street, or tunnelling or boring under it. The 2012 regulations leave open the possibility of charging for works that do not take place within the carriageway but, to secure the Secretary of State's approval, a scheme would need to demonstrate a strong cost-benefit case.

Works in footpaths and bridleways are excluded from the application of lane rental charges (see <u>regulation 3(2) of the 2012 regulations</u> (https://www.legislation.gov.uk/uksi/2012/425/regulation/3/made)).

Types of works

Any street and highway works will be liable to lane rental charges (whether carried out by an undertaker by virtue of a specific statutory right to carry out such works, or under a section 50 NRSWA 1991 licence) unless fees are being waived as part of the charging regime mentioned within the section.

The 2012 regulations also exempt street works whose impact:

- is confined solely to the verge of a highway
- in a traffic-sensitive street, other than at a traffic-sensitive time
- in the footway of a traffic-sensitive street, at a traffic-sensitive time, so long as the works do not involve breaking up the street, or tunnelling or boring under it

In respect of genuine emergency (not immediate) works that must be carried out during the charging period to avoid significant danger to public safety or significant damage to property, schemes will be expected to provide a charge-free period to enable the emergency to be dealt with and the road reopened to traffic. This is consistent with the principle that charges must be genuinely avoidable, so a period for such genuine emergencies of 48 hours is recommended, but DfT may be open to alternative proposals.

The charging regime will need to be designed so that only genuine emergencies can benefit from the exemption. It is envisaged that, in many cases, it will be possible for the authority to carry out a site visit to satisfy itself that an emergency is genuine. In other cases, the authority might reasonably require the works promoter claiming the exemption to provide documentary evidence of the nature of the emergency before the exemption will be granted.

Schemes will need to set out what information or evidence the works promoter would need to supply to demonstrate their entitlement to an exemption on emergency grounds. In the event of a works promoter falsely claiming an exemption on these grounds, the full charge will be payable and deliberately making a false claim to benefit from an exemption may constitute fraud.

Diversionary works are outside the scope of charges under section 74A of NRSWA.

Should an authority include works covered under a section 278 of the Highways Act 1980 agreement in its lane rental scheme to ensure parity with street and road works, it is presumed that the authority will have taken its own legal advice on this and will include them at its own risk, as they are not covered by regulations.

Charges

The 2012 regulations

(https://www.legislation.gov.uk/uksi/2012/425/contents/made) prescribe a maximum daily lane rental charge that may be applied of up to

£2,500. Each individual scheme must set out the level of charges that will be applied. Levels of charges set out in any proposed scheme will need to be fully justified in each case. It will not be sufficient for authorities simply to apply the maximum charge level without clear justification. Where maximum charges are applied, schemes should make clear and transparent any discounts available to works promoters. These discounts should be designed to encourage a better standard of work and should also be designed to stimulate increased works collaboration.

To secure the Secretary of State's approval, highway authorities will need to demonstrate how the proposed lane rental charges can reasonably be expected to provide an effective financial incentive for works promoters to adopt less disruptive working practices, such as those described elsewhere in this guidance, but are no higher than necessary to be confident of achieving that aim.

In general, it is expected that congestion and cost-benefit analysis should determine the level of charge in conjunction with the type of road and type of work. However, higher rates of charge may be acceptable (subject to the £2,500 maximum) in respect of remedial works, given the wholly avoidable nature of such works.

The 2012 regulations enable charges to be applied at weekends, as there will be some cases where works at weekends are as disruptive, or even more disruptive, when compared to weekly traffic volumes (for example, streets with heavy tourist traffic). Authorities will need to determine the detailed arrangements – for example, the specific days and times at which charges would apply – but scheme design will need to be consistent with the need to provide real opportunities to reduce or avoid exposure to charges by carrying out works in less disruptive ways.

Different charges may be applied on different days of the week (for example, to differentiate between weekdays and weekends). However, no charges may be levied on a non-traffic-sensitive day, or on any traffic-sensitive day if the works do not obstruct or otherwise impact upon the carriageway (or the footway or cycleway, in a case where footway or cycleway charges apply) at any time during the traffic-sensitive period(s).

In determining when charges should apply, authorities will need to carefully consider the role of local authority environmental health (EH) departments. EH departments have powers under the <u>Control of Pollution Act 1974 (https://www.legislation.gov.uk/ukpga/1974/40)</u> (CoPA) to control the noise from construction works. Relevant guidance is provided by the <u>British Standards Institution (https://knowledge.bsigroup.com/products/code-of-practice-for-noise-and-vibration-control-on-construction-and-open-sites-noise?

<u>version=standard</u>) (BSI). In residential areas, EH departments may restrict works that cause substantial noise or vibration from being carried out overnight.</u>

When designing their lane rental schemes, authorities will need to work with EH departments to understand the constraints that are likely to apply. Scheme design will need to ensure that works promoters have realistic opportunities to avoid or substantially reduce their exposure to charges, even once environmental health constraints are considered. Authorities are also expected to incorporate reviews of the impacts arising from works that may increase noise pollution or vibration within their annual evaluation.

It will also be in the interest of authorities and other works promoters interests to work with EH departments before lane rental is implemented to ensure an appropriate balance between congestion and noise-related objectives. For example, it would be helpful to ensure EH departments recognise that while some aspects of works may cause substantial noise and vibration (for example, excavation), others should not (for example, laying new pipes and cables once a trench has been dug) and that some works can be completed using trenchless techniques that do not require disruptive excavation.

Works promoters seeking prior consent from the local EH department under section 61 of CoPA would help to provide certainty over such matters as the permissible hours of working, the methods of working and any noise or vibration limits to be met. EH departments must not impose unnecessary constraints and there are mechanisms in place in CoPA – for example, appeals to a magistrates' court – to challenge the approach of an EH department should the constraints imposed seem unnecessarily restrictive.

Authorities should consider carefully how their scheme would treat joint working arrangements involving different works promoters – for example, by offering additional discounts to encourage joint working, major infrastructure projects or by waiving charges completely. The government would like to see and encourage more joint and collaborative works, including between highways departments and utility companies, as these can reduce disruption from works on the same stretch of road within a short time of each other and minimise damage to the road itself.

Legislation allows lane rental charges to be applied daily while works are occupying the highway, for the duration of works, but also during days of unreasonably prolonged occupation (known as overruns under section 74 NRSWA). Lane rental charges may be applied in addition to charges under section 74 for the duration of the overrun.

The regulations make provision (similar to overrun charges) for a one-off charge of £100 to apply (in place of the full daily lane rental charge) where up to 5 items of signing, lighting or guarding have inadvertently been left behind on site and have been removed by the end of the working day following the day on which the authority informed the undertaker and asked them to remove the items. This reduced charge would apply only in cases where the responsible party had made all reasonable efforts to clear the site

but had inadvertently left a small number of items behind. Full daily charges would continue to apply where such efforts had not been made.

Application of surplus funds

Reasonable costs incurred by the authority in operating and evaluating a lane rental scheme may be met by the authority from the charges they receive.

The 2012 regulations, at time of publication of this guidance, require that the surplus funds, after deduction of ongoing costs and costs of carrying out scheme evaluation, are applied by the authority for purposes intended to reduce the disruption or other adverse effects arising because of street works. This could include, for example:

- investment in innovation and developing new products or disruptionsaving techniques
- trials of new techniques and products
- installing 'pipe subways' or ducting that enable apparatus to be accessed more easily and without disrupting traffic
- measures to improve the quality or accessibility of records about the location of underground pipes, wires and other apparatus
- measures to help abate noise, pollution or safety hazards arising because of works
- · repairing potholes caused by utility street works
- implementing extraordinary measures to mitigate congestion caused by works, especially major works projects

Surplus funds can be used for either capital or revenue projects.

Surplus funds should not be used to provide for training of the authority staff as this will already be provided for by a permit scheme and be required to deliver an authority's network management duty.

It should not be used for repairing potholes caused by general wear and tear or, for example, bad weather. It can, however, be used to repair potholes caused by utility street works and trialling new techniques that may take less time and which, in turn, reduce the disruption caused by highway works. The government is consulting on a proposal for authorities to spend at least 50% of surplus lane rental funds on pothole repair. This guidance will be amended to reflect any subsequent changes arising from the consultation on fines and lane rental surplus funds (https://www.gov.uk/government/consultations/street-works-fines-and-lane-rental-surplus-funds).

As part of their scheme, authorities will need to summarise the arrangements for determining how surplus funds will be applied. They will be expected to establish joint working arrangements under which both the highway authority and works promoters are actively consulted on how surplus funds are applied and demonstrate the governance arrangements that will be put in place to ensure compliance with the legislation.

Authorities implementing lane rental can also set up joint governance groups with either other individual authorities or authorities that are part of a joint lane rental scheme, provided individual accounting responsibilities are performed in line with the 2012 regulations. If a joint fund is set up, governance arrangements should make it clear how surplus funds should be allocated between each authority area and with other organisations likely to bid for funding for various projects.

To ensure transparency, the 2012 regulations require authorities to keep and publish yearly accounts of the funds generated and how they have been spent.

The Secretary of State would expect authorities to apply the same principles set out above to any surplus funds generated in respect of their own highway works, consistent with the 'parity' principle set out in the Network Management Duty legislation

(https://www.legislation.gov.uk/ukpga/2004/18/section/16#:~:text=16The%20network %20management%20duty&text=and%20may%20involve%20the%20exercise,capac ity%20as%20a%20traffic%20authority).

Systems

Authorities will need to provide detailed and accurate information to works promoters about where and when lane rental will apply, and at what charge rates. As a starting point, authorities will need to do this via the National Street Gazetteer (https://www.geoplace.co.uk/addresses-streets/street-data-and-services/national-street-gazetteer).

It is recommended that, once operational, authorities should provide an online map showing the location of lane rental within their network. This should include lane rental times, as shown, for example in the Surrey lane rental map (https://www.arcgis.com/apps/webappviewer/index.html? id=bc612edf9a7647c08360c9d658c0757c&extent=-137052.0945%2C6619715.5452 %2C80334.8139%2C6708993.9943%2C102100).

<u>Street Manager (https://www.gov.uk/guidance/plan-and-manage-roadworks)</u> is a digital service used to help plan and manage all works. It includes functionality to support the operation of lane rental, providing information on lane rental designated roads, lane rental assessments and information

about whether charging is applicable. All data can be exported for use outside of Street Manager.

Street Manager does not process financial transactions. Therefore, an authority will need to ensure it has a system in place for invoicing and processing lane rental charges.

Relationship between lane rental and permit schemes

Lane rental operates alongside an authority's existing permit scheme. The permit scheme will continue to play a crucial role alongside lane rental charges, not least because of the need to ensure that works taking place on the busiest streets are properly coordinated.

Upon lane rental coming into force, an authority's permit scheme does not cease operation.

A separate permit fee cannot be raised where an activity is liable to a lane rental charge (see regulation 30(1A) of the Permit Scheme Regulations 2007 (https://www.legislation.gov.uk/uksi/2007/3372/contents/made)), but the process and procedures as defined in the permit scheme will still apply. Where an activity is not liable for a lane rental charge, the relevant permit fee applies.

Dispute resolution

Authorities will need to consider how disputes arising from lane rental charges will be handled. Disputes may be resolved through the resolution procedure operated by HAUC England or by independent arbitration. A system for resolving disputes should be developed alongside works promoters when developing the scheme. This will help to reduce administrative burden and enable issues to be resolved by less formal mechanisms where possible.

Authorities should consider whether it would be helpful, for example, to designate an appeals officer at arm's length from the day-to-day running of the lane rental scheme, who would consider disputes that cannot be resolved between the works promoter and its day-to-day contacts at the authority.

Transitioning to lane rental

Authorities will wish to consider how to ensure a smooth implementation of any lane rental scheme. A period of shadow or trial running prior to the formal introduction of the scheme is strongly recommended and authorities should set out plans for this in any application and ensure proposals for shadow or trial running are included in consultation.

Lane rental schemes will need to include suitable transitional arrangements so that works promoters do not unfairly face charges in respect of works that had already been planned and scheduled when the scheme comes into existence, but which cannot reasonably be rescheduled to avoid chargeable periods. However, these transitional arrangements will also need to be carefully designed to avoid creating perverse incentives (for example, by encouraging many early permit applications aimed at avoiding charges).

It is usual for an authority to write to or email all the works promoters in its area 12 weeks before lane rental will become operational so that they are given sufficient notice.

Lane rental development, approval, variation and evaluation

Legal Order

No lane rental can operate, nor can charges be levied prior to the issuing of an Order in the form of a Statutory Instrument, made by the Secretary of State. The Secretary of State's Order will specify the date on which lane rental can begin. Government lawyers will only begin drafting the Order once a lane rental application has been approved in principle by the Secretary of State. It typically takes 3 months for them to prepare and finalise an Order, subject to resources.

Once the Secretary of State's Order has been made and the scheme is in operation, if an authority wishes to make changes to or cease the operation of the scheme approved by the Order, then the authority will need to seek DfT's prior agreement before changes can be made by another Order.

Consultation

Any highway authority making an application to the Secretary of State to operate lane rental will need to have carried out a full consultation on the draft scheme. Alongside the draft scheme, the consultation package should also include the authority's cost-benefit analysis, proposed charging regime and detailed evaluation plan. The stakeholders to be consulted include:

- every works promoter that, to the knowledge of the authority, carries out street works in its area
- every highway authority (other than the street authority) and every district or borough council in whose area any street on which the proposed scheme is intended to apply is situated
- TfL, where any street to which the proposed scheme applies is situated in Greater London
- any passenger transport executive in whose area the proposed scheme would operate
- any neighbouring highway authority or combined authority
- emergency services operating within the area of the proposed scheme
- relevant regulatory authorities, including Ofgem, Ofwat, Ofcom and the Health and Safety Executive
- any authority that has registered an interest in receiving copies of permit applications for any of the streets to which the proposed lane rental scheme applies (if applicable)
- representative bodies for road users, including representatives of disabled people
- representatives of transport operators and the wider business community
- any person (s) bodies or groups who have made a written request to the highway authority developing the scheme asking to be consulted.

Formal public consultation is not the only means by which authorities developing a lane rental scheme should communicate details about the scheme to interested parties and specifically undertakers. Authorities should develop a system of open dialogue and engagement with key interested parties, particularly works promoters, throughout the scheme's development.

Any lane rental proposal submitted to the Secretary of State will only be considered in accordance with this guidance, and the 2012 lane rental and 2007 permit regulations. Authorities will, therefore, need to ensure that their proposal for lane rental and their approach to consultation is consistent with these documents and the requirements contained in them.

When an authority is developing lane rental, we recommend speaking to DfT early in the development process. DfT may then wish to discuss with the applying authority (or authorities) the documentation that will be needed

to assess their scheme. DfT expects schemes to be fully developed when submitted for consideration. Incomplete bids or documents that need revision can add to the time it takes to gain approval from the Secretary of State.

Application to operate lane rental

An application to operate a lane rental scheme must include a copy of the proposed scheme itself, as well as supporting information to assist in the Secretary of State's assessment of the scheme.

The following should be included in the scheme information provided:

- the full legal name of the highway authority or authorities in the case of a joint scheme
- the area to which it will apply this must be wholly within the area of the authority (or authorities) applying to run the scheme
- the aims and objectives of the scheme, including how these aims and objectives integrate with the delivery of the authority's network management duty and any other relevant objectives and policies
- details of the effective operation of the authority's permit scheme for at least 1 year and compliance with all permit regulations
- the provision of permit scheme evaluation reports as required by regulation 16A of the Traffic Management Permit Scheme (England) Regulations 2007 (https://www.legislation.gov.uk/uksi/2015/958/regulation/10/made)
- demonstration that the permit scheme has been operated in line with statutory guidance for permit schemes (https://www.gov.uk/government/publications/street-works-permit-schemes-conditions)
- a clear definition of the streets, or part streets, where the scheme will apply and the times when the scheme will operate on those streets – this must be wholly within the area of the authority or authorities applying to run the scheme)
- details of the analysis underpinning the choice of streets where the authority proposes that lane rental charges should apply
- confirmation and evidence of the proposed lane rental network coverage of the local highway network (this must be evidence-based and any percentage deemed excessive by DfT will not be considered)
- confirmation that a review of traffic-sensitive street designation has been undertaken and that streets proposed meet designations as per regulations, or an evidence-based rationale for inclusion is provided

- statement of intention regarding the application of charges to highway works, as well as to utility works
- confirmation that the authority must seek its own legal advice and make its own (voluntary or commercial) arrangements to impose lane rental charges on anyone other than undertakers for street works in respect of section 278 agreements (https://www.legislation.gov.uk/ukpga/1980/66/section/278)
- the level of charges to be applied (including the days and times at which charges will apply) and details of the charging regime. These details should also include automatic discounts and charge waivers relating to either performance, early planning, major infrastructure or works collaboration
- evidence that the proposed charge levels are proportionate to the costs imposed by works on the streets where those charges will apply
- an explanation and details of the process by which works promoters can realistically avoid or substantially reduce their exposure to charges by carrying out their works in less disruptive ways, taking account of the constraints likely to be imposed by local environmental health departments
- details of incentives to work outside of peak times, how charges will be waived for joint works, how caps will be put in place for major works to install and replace apparatus so that these works are not unfairly penalised and delayed
- the proposed start date for the scheme (which should allow a reasonable period for works promoters to adjust their working practices before charging begins, and which takes account of the minimum 12-week notice period mentioned above)
- details of the governance arrangements that will be put in place for dealing with surplus funds, including the arrangements for consulting representatives of works promoters on decisions about how those funds will be spent
- details of the local consultation that was carried out and the results
- a completed cost-benefit analysis form and if the authority wishes, any accompanying comprehensive cost-benefit analysis document
- a clear plan for evaluating whether the objectives of the scheme have been met and whether the overall benefits are sufficient to justify the costs involved. This should include an evaluation methodology, an evaluation programme setting out when the evaluation will be carried out, the baseline data against which scheme performance will be measured, and a formal statement that this evaluation will be fully resourced. Lane rental evaluation should be performed annually with the subsequent report made available publicly. Authorities can recoup the costs of evaluation from lane rental charges
- an indication of any flexibility desired by the authority to make minor amendments to the day-to-day operation of their scheme without the need to secure Secretary of State approval, the conditions under which

the authority would wish to exercise any such flexibility, and the process the authority would follow to ensure that works promoters are properly consulted on any proposed changes in good time (see the section on variation below)

details of any other information the authority considers necessary

The <u>Lane rental application checklist</u> (https://www.gov.uk/government/publications/street-works-lane-rental) may also assist authorities.

Cost-benefit analysis

Authorities should send a completed <u>cost-benefit analysis form</u> (https://www.gov.uk/government/publications/street-works-lane-rental) along with their bid to street.manager@dft.gov.uk. If the proposal is for a joint scheme, this should be detailed in the cost-benefit analysis form. It is recommended that highway authorities review the DfT cost-benefit analysis form prior to undertaking their own analysis to ensure outputs are consistent with DfT requirements.

The form should be completed using outputs from the authority's own comprehensive analysis of the costs and benefits expected to arise from the proposed scheme. The form also requires information on key appraisal assumptions, approaches to reducing uncertainty and assuring quality, and more specific lane rental scheme assumptions around behavioural change and volumes of works.

Analysis should be consistent with principles in the:

- <u>Green Book (https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020)</u>
- Aqua Book (https://www.gov.uk/government/publications/the-aqua-book-guidance-on-producing-quality-analysis-for-government)
- Transport Appraisal Guidance (https://www.gov.uk/guidance/transportanalysis-guidance-tag) (TAG)

The form also makes reference to the <u>Traffic Management Act 2004</u> supporting documents

(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/2672/supporting-documents.pdf) for some appraisal parameters.

This change should reduce the analytical burden on authorities while providing the flexibility to develop a more bespoke analysis.

The cost-benefit analysis undertaken by authorities should be an assessment of all relevant positive and negative impacts of lane rental. This should include evidence of how the scheme is designed so that works promoters can reduce their exposure to charges through changes in working practices. The form includes impacts that should be reported on but allows flexibility for additional impacts to be considered where appropriate.

Guidance on completing a cost-benefit analysis can be found in the accompanying cost-benefit analysis form. DfT has developed a worked example of the form to help highway authorities with their application. It shows how to complete the form using outputs from an authority's own cost-benefit analysis. Illustrative figures are used and further information is provided on the methodology behind the form. This includes guidance on using key parameters and assumptions.

Variation

Lane rental proposals will need to set out the detailed parameters of the scheme when they are submitted to the Secretary of State for approval. However, we recognise that circumstances will change and this may involve minor variations to schemes during its lifetime, for example, the addition or removal of some streets to reflect changing traffic flows. Where authorities require such flexibility, they will need to set out clearly the arrangements for implementing minor variations to the scheme up to a maximum of three percentage points per annum.

Discretion to vary scheme parameters will need to be tightly constrained so that more substantial changes to a scheme cannot be made without the consent of the Secretary of State. Schemes will need to set out these constraints and how stakeholders will be consulted on any changes.

Evaluation

The 2012 regulations permit the authority to deduct from surplus lane rental funds an amount to cover the reasonable costs of scheme evaluation. It is expected that evaluation plans will include provision for independent evaluation of scheme performance, including an assessment of the extent to which works were moved out of chargeable periods and the overall balance between costs and benefits arising from the scheme.

In the interests of parity and transparency, representatives of both the highway authority and street works promoters will need to be actively involved in monitoring the evaluation process.

Evaluation reports should be completed on an annual basis and published publicly.

Authorities are expected to ensure execution of a proportionate evaluation, using the findings to keep/amend/remove the scheme and learn lessons, using the evaluation to ensure lane rental is effectively run and updated in line with the findings. Lane rental trial running (year one) and evaluation of any impacts arising from works moved to antisocial times should also form part of the annual evaluation.

Government assessment

The Secretary of State can approve a scheme submitted by an authority, with or without modifications, or reject it. DfT will liaise with the authority if it requires modifications to be made. The above sets out the level of information required for a proposed lane rental scheme to be considered, assessed and then to achieve approval by the Secretary of State.

Once DfT receives an application, we will acknowledge receipt and schedule a meeting to agree on projected timelines within 30 days. Once agreed, DfT will commence assessment, aiming to complete an initial review within 6 weeks. Additional time is required for attaining Secretary of State's approval and further time may be needed if a revision is required to be made to scheme documents in response to our review. If the application is successful, it takes 3 months to prepare and finalise the legal order and for it to come into effect. These timelines are subject to resources being available.

Submitting an application

Authorities that would like to develop a lane rental scheme should first discuss this with DfT. They can do this initially by contacting streetmanager@dft.gov.uk.

A formal application and supporting documentation should be submitted to streetmanager@dft.gov.uk or directly to DfT officials.

Congestion

Congestion definition for the purposes of lane rental

The congestion team within DfT supplies highways authorities with aggregated GPS (AGPS) data for their roads and roads that are within a 10km buffer of their boundary. This data is commercially purchased by DfT from Teletrac Navman and is available free of charge to highways authorities.

All highway authorities receive annual data (12 monthly files) after the February statistical release. During the year, 10 key urban areas receive quarterly data (3 monthly files) after each quarterly data update. From 2024 onwards, all local highway authorities will be provided with their data quarterly.

The AGPS data contains the average travel time per link of road, which can be used to calculate the average speed and the average delay for that road link. Each stretch of road between major road junctions is defined as a 'link'.

Average speed is the travel time divided by the road length, which is then capped to the national speed limit. Average delay compares observed travel times and expected 'free flow' travel times, and reports time lost per vehicle per mile. Average delay should be calculated and reported in per-mile terms.

Total delay is equal to the average delay multiplied by the number of vehicles experiencing that delay in each time period.

These metrics are calculated for a 24-hour period and include all days (weekdays, weekends and bank holidays). The data is also calculated for morning (7am to 10am) and evening (4pm to 7pm) peak times.



