

Road works: the future of lane rental

RAC Foundation response to Department for Transport consultation – October 2017

Introduction

1. The RAC Foundation is an independent transport policy and research organisation which explores the economic, mobility, safety and environmental issues relating to motoring and road use. We are happy for our response to be published in full.

2. The Foundation recognises the importance of easements below road carriageways, verges and footways to the utility companies in accommodating the apparatus need to supply water, gas, electricity, telecommunication and drainage services and the need to install maintain and repair these from time to time. However, the occupation of busy roads by utility company (UC) activities is a major source of delay and frustration for road users. Clearly the aim must be to strike the right balance between maintaining uninterrupted utility supply and the uninterrupted flow of traffic – both being vital to a successful economy and to supporting our lifestyles. We strongly support initiatives by the Government to provide local highway authorities (LHAs) with powers both to regulate and influence the behaviour of the utility companies and their agents, and to manage their own activities in repairing and maintaining the highway, so as to achieve the optimum all-round outcome, minimising disruption to road users and maximising the efficient operation of utility companies.

3. We welcome the current consultation exercise on the options to be taken forward in the light of the London and Kent lane rental trials, in particular the clarity of the proposals and the way the consultation document sets them in the context of a wider strategy. Lane rental, of itself, is just a single tool which the trials suggest *could* be wielded to beneficial effect. But only if LHAs are able to develop the right, co-operative and constructive relationship with the UCs. As road users and utility consumers we want to know that LHAs and UCs are working together to achieve the best all-round outcome. This needs to run through the whole process from the forward planning of asset maintenance activity to the right-first-time execution of road surface re-instatement. By driving greater efficiency into the planning and the execution of works we believe the cost savings to UCs should more than offset the cost of well-managed lane rental schemes. It follows that we are wholly unpersuaded that utility bills would need to rise, in fact, rather the opposite. We urge the Department to engage with the utility regulators to ensure that the real gains from more efficient operation are properly scored and recognised.

4. More broadly, in the debate between DfT and the utility regulators there remains a question about the mismatched incentives facing UCs and LHAs which needs addressing. Meantime UCs need to understand that the way they manage streetworks is an integral part of the service they provide to customers, conversely poorly managed streetworks reflect badly on all concerned.

5. We note that the current consultation follows previous initiatives in this area, specifically the Foundation responded to the 2011¹ consultation on lane rentals² and strongly supported the principle of lane rental as a key part of a four-point strategy for reducing the disruption and consequent costs resulting from road-works. We also supported an extensive trial and suggested that:

- impacts on cycling and pedestrian activity should be included;
- both highway authorities' and utility companies works should be within scope;
- that charges should reflect the scale of disruption to affected road users; and
- government restrictions and requirements should not be too constraining on local authorities.

6. The Department also consulted on reducing road works disruption on local A roads last year³ and in our response⁴ we suggested that the DfT should convene a working group with local authority representatives to explore the barriers to wider and more effective take-up of existing (Permit) powers to address the problems focused on in the consultation paper along with any wider road works issues and recommended the wider adoption of lane rentals as this would allow LHAs to address a wider range of road works issues than those within the scope of the measures proposed in that consultation paper. We continue to believe that more needs to be done to engage LHAs, UCs their regulators and the contracting sector to develop a comprehensive approach to improving the planning and execution of all roadworks, from the quality and timeliness of data capture through to the competence and capability of the contracting companies.

Lessons from the trials in London and Kent

7. The trials of lane rental have proved, on balance, to be beneficial. However, the implementation of these measures is not without cost to highway authorities and utility companies and the benefits to road users depend on the extent to which lane rental reduces the occupancy of congested road space. Where efficient operation of road works can be achieved by permit scheme lane rental will produce relatively small increases in road user benefits but would add to LHAs' and UCs' costs. Also if UC's are allowed to pass on costs to their customers they might be even less strongly incentivised to change their behaviour than under a permit scheme which forced behavioural change. Decisions on use of lane rentals therefore needs to be taken in the context of what a permit scheme would achieve on its own and how much additional beneficial behavioural change would result. In situations like London where traffic densities are high⁵ and road works are relatively frequent⁶ the use of lane rental schemes would appear to be of greater value than average. We recognise that the proposed criteria for the Secretary of State's approval of an application for exercise of lane rental powers have only been set out in general terms in the consultation document. It would be helpful to all concerned to see in more detail the tests that would be applied.

¹ RACF 2011.

² DfT 2011.

³ DfT 2016a and 2016b.

⁴ RACF 2016.

⁵ 36% higher than the national average (DfT 2017a).

⁶ About 80/mile/year (TfL 2017) - over 1% of the total on <0.2% of the network (DfT 2017b).

Responses to consultation questions

8. *How are you responding?*

9. The Foundation is responding in its role as a research and policy organisation taking the perspective of the responsible motorist.

10. *Would your authority want to introduce a lane rental scheme as outlined in Option 2 (roll-out lane rental to other local authority areas)?*

11. We are not a highway authority, but we are keenly interested to see the response this question elicits so that we all have a sense of the appetite amongst LHAs to exercise these powers.

12. *If 'super permits' were available as outlined in Option 3 (use permitting to deliver aims of lane rental), would your local highway authority use them as part of your permit scheme?*

13. The Foundation is not in a position to respond to this question.

14. *Which is your preferred option for the future of lane rental?*

15. We favour Option 2. The most clear-cut element is that since the existing lane rental schemes in London and Kent have produced benefits they should be retained. Although London is different from most other parts of the country there are similarities with some of the other large metropolitan areas (West Midlands ITA has traffic densities 7% higher than Greater London and Greater Manchester ITA less than 2% lower⁷). Kent's traffic densities rank 87th out of 154 English LHAs⁸ so can be regarded as fairly typical so it is not unreasonable, on this basis, that many other local authorities would benefit from well-conceived lane rental schemes. It would seem perverse to deny other LHAs access to a tool that has proved its worth.

16. The consultation documentation provides estimates, based on modelling, of the likely effects of a 'super permit' scheme which would allow LHAs to impose more restrictive conditions on utility companies⁹. However, these are based on a range of assumptions untested in real life and consequently the benefits in particular are very speculative. A strengthening of the permit system is reported to be the favoured option of the HAUC¹⁰ as a simpler and more effective way of reducing the impacts of road works on traffic operations in

⁷ DfT 2017a.

⁸ Data is not available for a couple of LHAs.

⁹ DfT 2017d.

¹⁰ The Highways Authorities and Utilities Committee [HAUC(UK)] founded in 1986 to assist the Secretary of State in arriving at proposals for new street works legislation, and to provide guidance for practitioners.

providing consistency and transparency¹¹ and indeed simplicity and comprehensibility are important features of a workable and enforceable scheme.

17. With this in mind it would be potentially confusing to renew and extend lane rental provisions and introduce super permits at the same time. Accordingly, the Foundation recommends that as well as renewing the London and Kent lane rental schemes the option of lane rentals should be extended to other suitable LHAs in England, but that consideration be given, if volunteer LHAs can be identified, to the development of Super Permit' trials to test which approach works best in which circumstances. The Department should establish a steering group to oversee, monitor and compare the findings.

18. *Do you agree that Transport for London and Kent County Council should continue operating lane rental on parts of the road network in London and in Kent?*

19. Yes - as indicated above the Foundation does support the continued operation of lane rental on parts of the road network in London and in Kent.

20. *Do you support lane rental, on the busiest roads at the busiest times, as a way of:*

- *Planning road works?*
- *Managing road works?*
- *Why?*

21. Yes - the Foundation supports the use of lane rental to promote more efficient planning and management of road works. Confronting operators¹² with an approximate cost to road users of the disruption from road works should enable properly informed trade-offs to be made between the additional costs of reduced and retimed occupations with the costs of disruption to traffic flows as reflected in the charge rates. By setting these charges in advance, operators will be able to compile staff rotas, order plant and materials and programme works in a way that minimises the additional costs of restricted working and rental payments. From the LHAs viewpoint lane rental should assist them in managing the incidence of road works on busy routes in their area in order to avoid excessive congestion from individual openings and interaction between proximal road works.

22. *What do you believe are the main advantages and disadvantages of lane rental?*

23. As described in the previous paragraph the principal advantage of lane rental is to encourage well-informed trade-offs to be made between the costs to operators and road users. We regard the prospect that such schemes will raise some income to help mitigate congestion from road works as incidental to the main purpose.

24. The disadvantages are the incurrence of administration and enforcement costs to both LHAs (recoverable) and operators and additional complexity to the management of road works - in that operators will have to cope with both permit and lane rental schemes. How

¹¹ Transport Network 2017.

¹² Both Utility Companies and LHAs either directly or through their contractors.

these balance-out will vary – the key will be to ensure that lane rental is focused only where the traffic impact of works is of greatest concern and there is a realistic prospect of behavioural change.

25. *What would be, quantifying where possible, the main costs of lane rental for:*

- *You?*
- *Your organisation?*
- *The general public?*
- *Your local area?*

26. The Foundation is not involved in road works or traffic operations and consequently would not be directly affected by the introduction of lane rentals. The costs to the general public would very much depend on the extent and manner that lane rental schemes were applied. The scale of these costs is uncertain - the best available estimate is the £342m figure in your own impact assessment¹³. This amounts to about 1% of total family spending on services provided by the utility companies¹⁴ alone; and a smaller proportion if a share of council tax payments and motoring taxes are included. That said, we believe there are significant efficiencies to be achieved in the planning and execution of all roadworks and that these should more than offset the modest cost of running lane rental schemes. Allowing a cost-pass through to utility customers would undermine the incentive and ultimately undermine the whole scheme.

27. 3.9 *What would be, quantifying where possible, the main benefits of lane rental for:*

- *You?*
- *Your organisation?*
- *The general public?*
- *Your local area?*

28. The Foundation is not involved in road works or traffic operations and consequently would not be directly affected by the introduction of lane rentals. The benefits to the general public would very much depend on the extent and manner that lane rental schemes were applied and would come in the form of reduced congestion and journey unreliability from road works. There should also be some environmental benefits – mainly reduced vehicle emissions and secondary benefits from the mitigation measures funded by lane rental receipts. The scale of these is uncertain and the best available monetised estimate is the £1.9 bn figure in the impact assessment¹⁵.

29. That said, many of our key distributor roads are at or above capacity, the Department is predicting further traffic growth, we have a legacy of utility hardware under the carriageway needing variously repair and renewal, and numerous instances where works are

¹³ DfT 2017d.

¹⁴ Around £35bn a year – from ONS 2016a, 2016b & 2017a.

¹⁵ DfT 2017d.

needed to build new connections to supply new housing. In these circumstances it becomes more than ever a priority to bring the instances of breaking the road down to the minimum,

30. *Do you think that lane rental charges should be daily or hourly?*

31. Daily – whilst an hourly structure could, in theory, optimise congestion reduction benefits in practice this would be more costly to monitor and enforce and would present logistical problems for operators to comply with. Given that the introduction of lane rentals would itself add to the complexity of road works planning and management it seems best to stick to varying charges simply on a daily basis for the time being as this has proved itself effective in London and Kent. TfL have considered the introduction of hourly charges but not come to a clear conclusion on the matter¹⁶.

32. *Should the maximum daily charge remain at up to £2,500 or higher/lower?*

33. The maximum charge of £2,500 was set in 2012¹⁷ and since then prices have increased by 12%¹⁸. In London 70% of lane rentals were at the maximum rate between April 2016 and March 2017¹⁹ - up from 29% in the period October 2013 to June 2014²⁰ - so this suggests that there could be benefits in creating greater ‘headroom’ in the light of increasing traffic volumes and prospective inflation. The charge should properly reflect an assessment of the economic dis-benefit of traffic delays. However, any increase should not be punitive nor induce LHAs to exploit lane rental charges as a source of income.

34. *Do you think that 'super permits' as part of a permit scheme (Option 3: use permitting to deliver aims of lane rental) would deliver the same benefits as lane rental?*

35. No - super permits have not yet been tried in practice and modelled benefits are rather speculative. The estimated ratio of benefit to costs of super permits is 3.3:1 compared with 5.5:1 for lane rentals and some, at least, of the potential benefits would be achieved as part of the larger benefits from lane rentals²¹. But much depends on the appetite of LHAs to use the powers available to them, and their success or otherwise in building constructive relationships locally with their UCs. If LHAs themselves have an appetite for the ‘super permit’ concept we would support the running of pilot schemes to test their effectiveness in practice.

36. *Should surplus lane rental funds only be available for ways 'to reduce disruption and other adverse effects caused by street works'?*

¹⁶ TfL 2017b, page 5.

¹⁷ SI No. 2272

¹⁸ ONS 2017b.

¹⁹ TfL 2017c, table 25.

²⁰ TfL 2015, table 12.

²¹ DfT 2017d.

37. Yes – in principle the Foundation supports the use of net lane rental and permit receipts to help to reduce disruption and other adverse effects caused by street works; that said, we think the definition should allow for a broad range of activity – see below.

38. *What type of work or projects do you think should be eligible for lane rental funds?*

39. We support the idea of broadening the permissible use of funds, and would advocate four areas be considered:

- Contributing to or covering the cost of implementing the lane-rental scheme and broader permitting scheme locally;
- Implementing local initiatives to manage demand during works including enhancements to alternative routings e.g. temporary traffic management measures and local travel planning;
- Funding local schemes to increase the resilience of the most sensitive routes affected by road works e.g. easing of pinch points and support for relocation of the most troublesome apparatus; and
- Collectively, supporting the development of techniques that reduce the extent and duration of intrusive activities (through pooled funding) e.g. trenchless pipework construction and the use of innovative materials and equipment

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