



SOUTHAMPTON
CITY COUNCIL

Balfour Beatty

Working in partnership

Lane Rental Scheme Feasibility Report

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Introduction

The role of lane rental

In 1991 the New Roads and Street Works Act (NRSWA) placed a duty on a council, as a highway authority, *to coordinate activities [work] of all kinds on the highway under the control of that Authority.*

In 2004 the Traffic Management Act (TMA) and associated secondary legislation widened the NRSWA coordination duty. The scope of this increased the overall duty to *secure the expeditious movement of traffic* and Part 3 of the TMA allows for an Authority [the Council] to introduce a permit scheme to deliver this duty.

The powers under a permit scheme enable the Council to take a more active involvement in the planning and coordination of work, from the initial planning stages through to completion. Under a permit scheme, organisations undertaking work (referred to as Promoters in this report) essentially book occupation for work instead of giving notice, thereby obtaining a permit for their work. Any variation to the work needs to be agreed, before and after work has started, including extensions to the duration. Conditions can be applied to work to impose constraints. Sanctions with fixed penalty notices can be issued for working without a permit or in breach of conditions (of the permit).

These powers enable the Council to deliver a more effective network management service, through the increased capability to control how work is planned and undertaken across their network. In November 2014 the Council introduced the South East Permit Scheme (SEPS).

Lane rental is intended to complement the operation of a permit scheme, by providing a financial incentive to encourage organisations to work outside of specified times on specified streets. i.e. the busiest sections on the network at the busiest times (peak hours) to avoid charges.

Statutory instrument and guidance

The legislative provision for a lane rental scheme is through the **Street Works (Charges for Occupation of the Highway (England)) Regulations (2012)**. These regulations set out the following framework:

- lane rental can only be applied to streets with a designation of ‘protected’ or ‘traffic sensitive’ – as set out within The Street Works (Registers, Notices, Directions and Designations) (England) Regulations (2007);
- lane rental charges can only be applied when work occupies the highway during designated time (within the traffic sensitivity timings);
- lane rental charges do not apply to work in a verge;
- the Council can deduct reasonable costs from income received from charges; and
- the Council must apply the net proceeds (from charges) for purposes intended to reduce disruption and other adverse effect caused by street works.

A statutory instrument (legal order) to bring a lane rental scheme into legal effect is issued by the Secretary of State for Transport. In addition to the regulations, the DfT has issued guidance that sets out criteria and processes for a council to introduce a scheme and apply to the Secretary of State for this order.

In their guidance, the DfT state that the prospective lane rental network should cover between 5% and 10% of the total network length. The guidance also states that Secretary of State approval for a scheme would be subject to certain conditions, which include:

- The Authority [Council] would need to have a well-run permit scheme;
- The scheme would also apply to the Authority's [Council's] own work, with real money charges applied for these works;
- Any charges should incentivise work outside of peak times; and
- A scheme should be trialled before it comes into legal effect.

Currently four Authorities have operational lane rental schemes, Transport for London (from June 2012); Kent County Council (from May 2013); Surrey County Council (from April 2021) and West Sussex County Council (December 2022).

Feasibility Study

The purpose of a lane rental feasibility study is to provide the Council sufficient information to base a preliminary decision on whether to proceed with the introduction of a lane rental scheme. This decision will initially commit to undertake a regulatory consultation and then submit an application to the Secretary of State to bring a scheme into legal effect. Once a decision has been made by the Secretary of State, a further Council decision and approval can be made to proceed with the actual implementation.

The key information provided in this study should include the following and must place due consideration to the published Guidance.

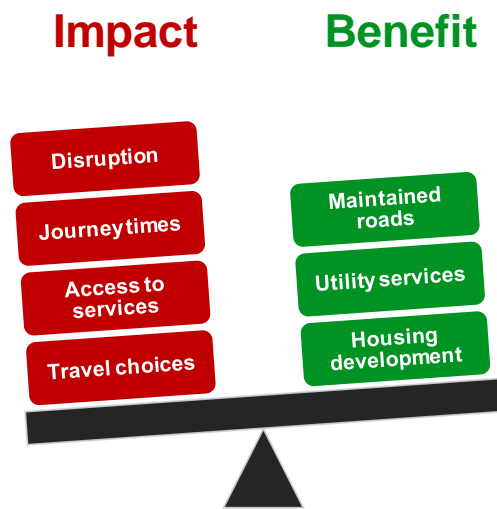
- the design of the lane rental scheme, including streets, timings and charge levels.
- the operational changes required to operate a lane rental scheme;
- the costs of operating a lane rental scheme;
- the revenue from a lane rental scheme;
- the expected benefits from a lane rental scheme; and
- the implementation of a lane rental scheme.

As the study is based on a complex theoretical model – the introduction of a lane rental scheme – it should be accepted the findings of the analysis are subject to a limited degree of change, therefore, should be used as an indicator. As the development of the lane rental scheme and associated elements progress, such as the operating model and cost-benefit-analysis, these theoretical models will become more defined.

Executive Summary

A lane rental scheme within Southampton would be applied to the busiest streets at the busiest times, when demand is at its highest and currently the road user typically experiences a form of delay. Organisations who wish to undertake work on lane rental streets, during designation peak times, will be charged for each day of work. The charge is proportionate to the impact to the road user.

These charges therefore serve as an incentive for organisations to undertake their work to either avoid a charge, or to mitigate a charge where it is not possible to wholly undertake the work outside of peak times, for example by collaborating their works with other organisations.



Works are essential to maintain and upgrade vital infrastructure, including roads, utility services and housing. A lane rental scheme should not be considered a tax for working on the highway. The Council's duty to manage the road network and *secure the expeditious movement of traffic* is predicated on enabling work whilst limiting the impact of these works to the road user.

Lane rental should be considered a way to develop culture and behaviour changes within these organisations so that they operate in a way to maximise opportunity to minimise any potential impact, whilst ensuring their work is delivered as efficiently and effectively as possible.

There are currently four authorities with operational lane rental schemes, Transport for London (from June 2012); Kent County Council (from May 2013); Surrey County Council (from April 2021) and West Sussex County Council (from December 2022).

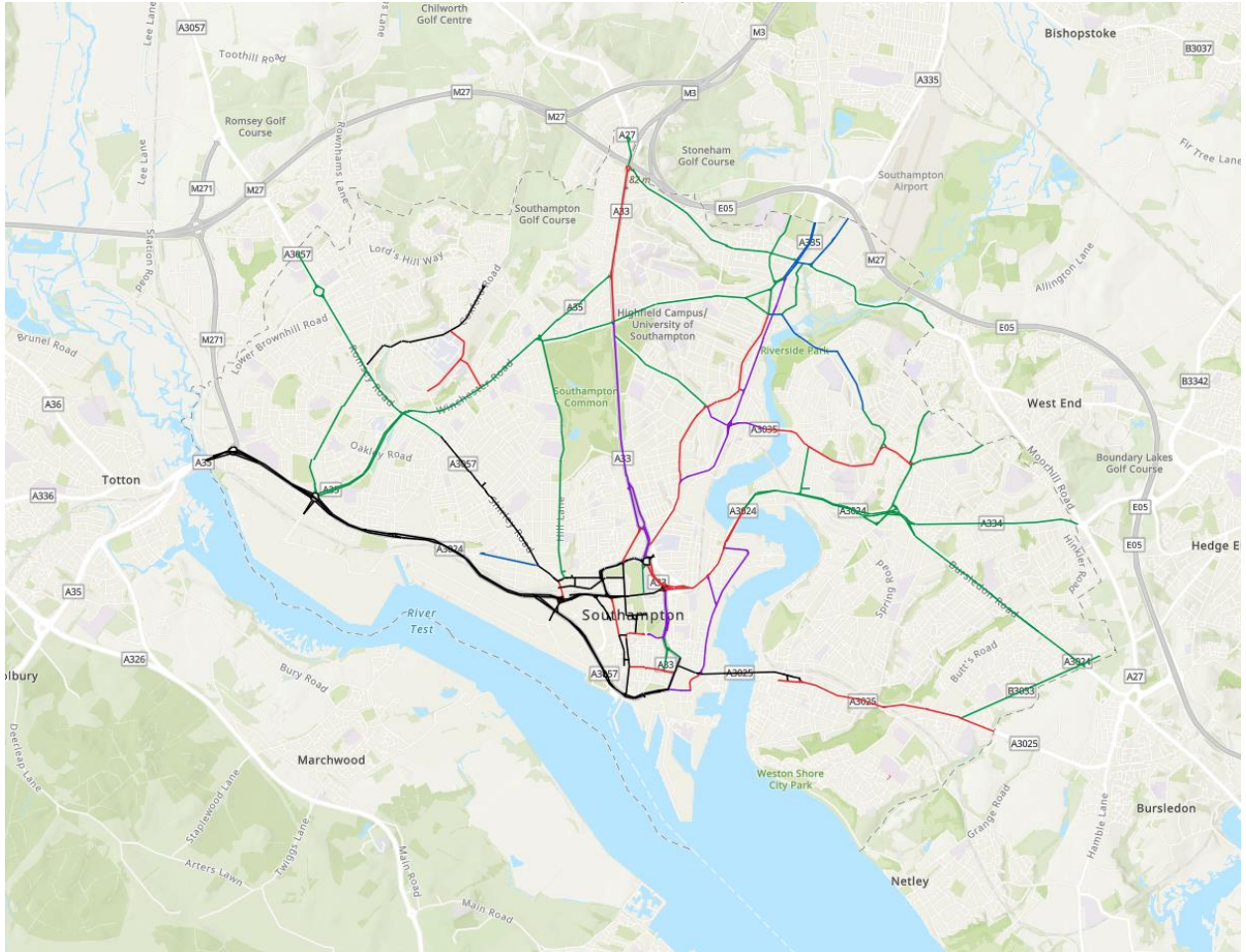
A lane rental scheme is brought into legal effect under regulations and requires an order (statutory instrument) created by the Secretary of State for Transport. To obtain this order, the Council must undertake a consultation with affected parties and then submit an application, including supporting evidence such as a cost-benefit-analysis, to the Secretary of State via the Department for Transport. This is a similar approach taken for the introduction of the Southampton permit scheme in 2014. The DfT have issued guidance on lane rental that outlines in more detail the role and design of a scheme, such as the extent of a lane rental network, and the steps and information required to obtain a legal order. It is essential for a Council to consider this guidance when developing a scheme.

The benefits of lane rental are based on the overall reduction in disruption arising from work and a reduction in associated impacts, such as longer journey times, congestion, and inconvenience to the road user. These benefits align to many of the Council's objectives set out with the Local Transport Plan, the Transport Strategy 2040, as '*big ideas for improving how people travel in and around Southampton*'. Having an efficient road network, which enables the expeditious movement of traffic, will support many of these Transport Strategy objectives, including better and efficient access to services, such as Hospitals, and to significantly important areas, such as the Port of Southampton.

Using extensive analysis of traffic across Southampton, Officers selected a proposed lane rental network and timings. The chosen network (shown below) comprises 109 individual streets as is 114.5 kilometres (c.19.4% of the total network) in length covering the busiest sections of Southampton. Lane rental is to be applied to work on the carriageway only.

The timings are delineated into three different bands, identified from analysis showing typical delay during midweek, Saturdays and Sundays. These timings ensure the lane rental scheme can be effective at limiting the impact of work at peak times, whilst providing opportunity for work to be undertaken.

Map: Lane rental network with timing designation



- Monday-Friday 0600-1900; Saturday 1000-1600
- Monday-Friday 0600-1000 & 1500-1900
- Monday-Friday 0600-1900
- Monday-Friday 0600-1900; Saturday 1000-1600; Sunday 1000-1600
- Monday-Friday 0600-1000 & 1500-1900; Saturday 1000-1600

Analysis of works and estimating behaviour changes from lane rental and potential charges, shows that the Council should recover their costs to administer the scheme. There is also a potential for net proceeds which must be applied *for purposes intended to reduce the disruption and other adverse effects caused by street works.*

Under guidance, lane rental charges must also be applied to highways work carried out by or for the Council to maintain the roads. Analysis of work in 2023 shows that current ways of working for routine or reactive maintenance should avoid or mitigate for many of these charges. However, with consideration to planned maintenance (Major work) there is always a potential for charges that need to be mitigated for. In consideration to a potential cost-burden to the Council, these charges should be considered with both options to avoid or reduce the charges and any net proceeds from charges applied to *repairing potholes caused by utility street works*, thereby returning back into Highways maintenance revenue.

The timescale to introduce a lane rental scheme is heavily influenced by the review and decision process undertaken by the DfT and Secretary of State. In October 2024 the DfT indicated that due to resource constraints they would be reviewing applications in tranches, the next starting from 1st April 2025. With consideration to this and the suggested timescale for the creation and sealing on the legal order, Southampton should be targeting an operational lane rental scheme to commence by the end of 2025. This should allow sufficient time for the Council to undertake the necessary business change to operate the scheme, including recruitment, and for a trial period before the scheme comes into effect.

Policy Context

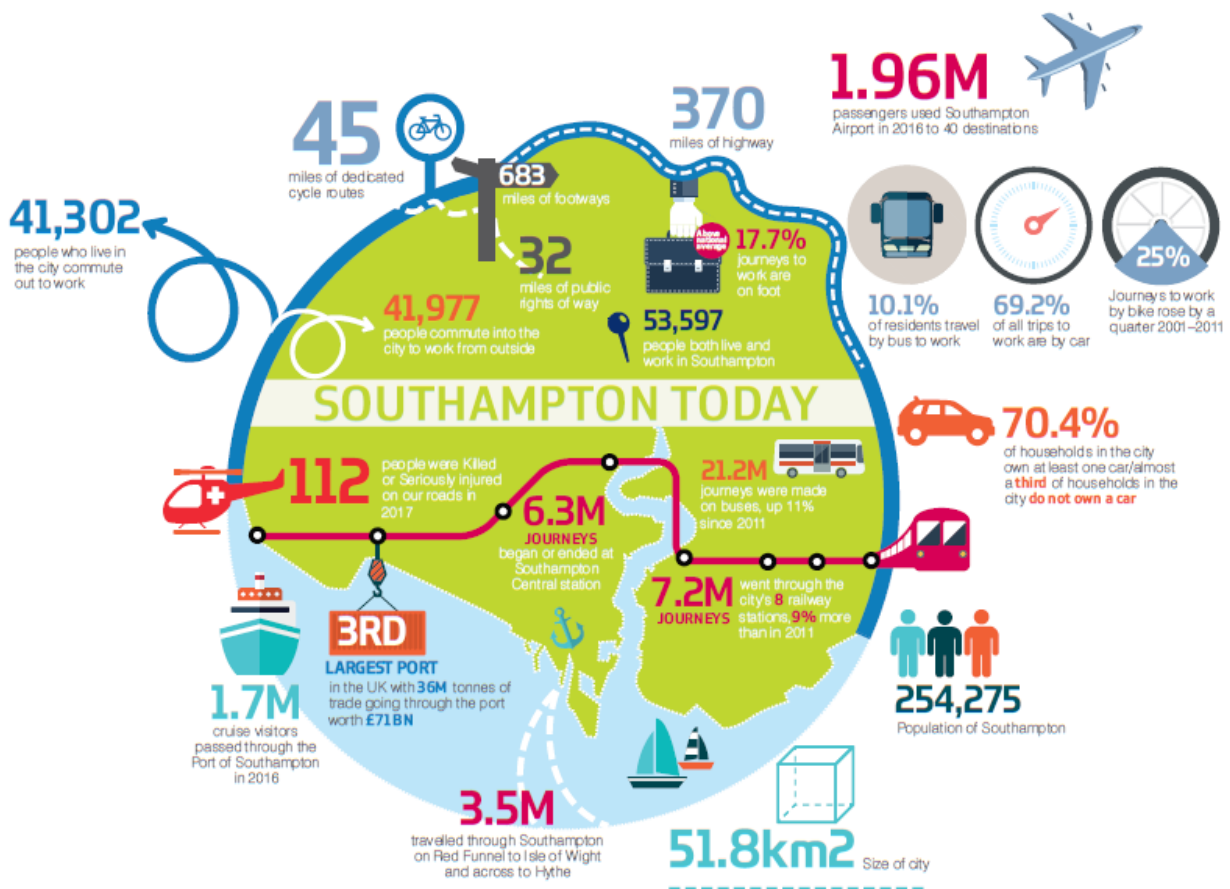
The overarching policy for lane rental is set out within regulations, supported by guidance issued by the Secretary of State (updated March 2024) and a Plan for Drivers (published March 2024). The Plan for Drivers makes direct reference to lane rental schemes and published guidance making it easier for councils to charge utility companies who slow drivers when conducting street works, and allowing the funds generated to be used to repair potholes.

The Plan also refers to future plans related to ‘fixing roads faster’ by requiring local authorities with Lane Rental schemes to use at least 50% of any surplus on pothole repairs or resurfacing. These plans have been approved and Government guidance is to be updated in 2025. Whilst these regulations, guidance and plans were issued under a previous political party, they are considered bipartisan policies that should continue and be supported under the current Labour government. As of February 2025, the DfT are currently bringing these into effect.

As a strategic transport authority, the Council must prepare a local transport plan (LTP) under the Transport Act 2000. These are forward-looking plans covering a number of years (typically five years) and are presented to the Department for Transport (DfT). The Plan must outline the current baseline for transport, accessibility and pollution, set out challenging but achievable objectives; together with a programme for achieving these objectives and any bids for funding from the DfT.

The Local Transport Plan (LTP4) for Southampton is the Connected Southampton: Transport Strategy (2040). The purpose of the Transport Strategy is to ‘outline our strategic approach to managing and delivering transport now and in the future, and to set out where we intend to invest resources in transport schemes and initiatives’.

Graphic: ‘Travel in Southampton’ from the Transport Strategy

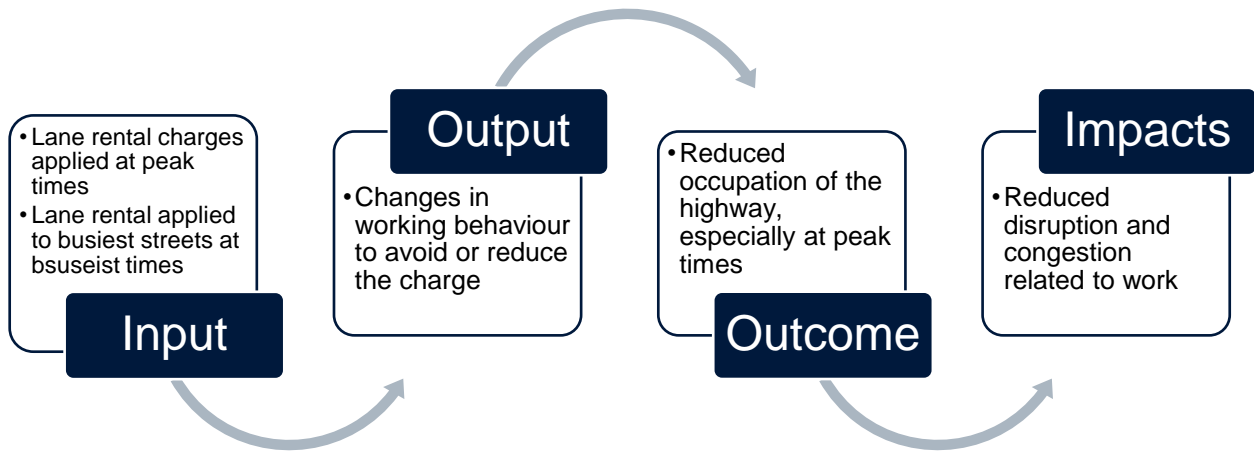


Whilst the Transport Strategy does not make direct reference to the introduction of a lane rental scheme it does contain several objectives, as 'big ideas for improving how people travel in and around Southampton', that would be supported by lane rental. Having an efficient road network, which enables the expeditious movement of traffic, will support many of these Transport Strategy objectives, including better and efficient access to services, such as Hospitals, and to significantly important areas, such as the Port of Southampton.

The Transport Strategy makes direct reference to roadworks within Successful Southampton: A Resilient City with an objective that '*roadworks by utility companies is co-ordinated with highway maintenance schemes to minimise duration of disruption and prevent multiple sets of roadworks.*' Reduced occupation of the highway through better collaboration between Promoters is one of the primary benefits expected from a lane rental scheme.

In the Transport Strategy there is also consideration to a Travel Demand Management programme which recognises that '*several projects proposed as part of the Successful Southampton strategic goal will bring disruption to the transport system while these projects are being constructed ... major events in Southampton [that] are likely to cause delays and congestion, for example major planned roadworks that have a long duration*'. A lane rental scheme will perform a key role in this Travel Demand Management programme to help minimise the impact through reduced durations or effective ways of mitigating for the impact of these roadworks.

Benefits of a Lane Rental Scheme



Lane rental - theory of change

A theory of change outlines how an input or an intervention, *in this case a lane rental scheme*, is expected to lead to outcomes and impacts, that ideally deliver positive benefits for the road user.

For a lane rental scheme, the charge (input) provides a financial incentive for Promoters to avoid working at the busiest (peak) times on the most congestion section of the network (output). This should lead to an overall reduction in occupation of the highway at peak times (outcome) which thereby reduces the potential for disruption, including the cause, or inflation, of congestion (impact), which are the end-benefits of the scheme.

The outcomes derived through Promoter behaviour changes driven by lane rental that would ultimately lead to benefits include:

- reduced length of time a work site is unoccupied, without any works taking place or waiting for the next stage of works to commence;
- works completed to standard first time, avoiding a return visit;
- works scheduled outside of the busiest peak periods;
- implementing measures to reopen use of the highway at busiest times;
- optimising operatives on site to reduce the duration of the works; and
- improved planning, coordination and working methods, including collaboration with other Promoters.

Published benefits of lane rental

In April 2015, the Department for Transport commissioned a research company to evaluate the impact and effectiveness of the two-pioneer lane rental schemes within TfL and Kent. This evaluation determined that both schemes had been implemented effectively.

Monitoring data from both Kent County Council and TfL show that a lane rental scheme had been successful in reducing disruption and the associated costs of congestion. It was however stressed that there was no proof of causality between work and congestion.

The Street Works Lane Rental Evaluation¹ report from this evaluation, published by the DfT in 2015, summarises observations from both TfL and Kent County Council on the benefits of a lane rental scheme. The overall observations are:

- improvement in journey times and journey time reliability on lane rental routes for TfL, during a period with a general trend towards a decrease across the network as a result of increased traffic flows;
- reduction in total serious and severe disruption (42%) on TfL's lane rental streets, compared with other non-lane rental streets;
- increase in the number of collaborative sites for TfL (81%), resulting in a decrease in the percentage of works taking place during peak times, with an increase in works taking place out-of-hours and overnight; and
- slight reduction in overall durations of work.

In summary, the Evaluation stated that lane rental has helped to reinforce and encourage behavioural change, but that it is only one of several factors and that internal drivers, such as the need to reduce costs and improve customer service, and the influence of the regulator are also important factors which have already led to promoters exploring new ways of working and investing in innovation.

In 2024 Surrey County Council made available a lane rental scheme monitoring report *to show progress of the Scheme within the initial two years and to provide any indicators of change, outcomes or impacts.*

This report provided more granular qualitative analysis on the outcomes from a lane rental, comparing work under a lane rental scheme with pre-scheme works. Through this report Surrey demonstrated clear benefits from the initial two years of scheme operation. Key results from this report include:

- A reduction from 13% to 9% (of total) duration of work impacting the carriageway at peak times;
- A trend for decreasing work durations, especially for shorter duration minor work and unplanned Immediate (urgent or emergency) work;
- Lower durations and work at peak times compared to other traffic-sensitivity designated streets (without lane rental); and
- Positive compliance to the scheme by Promoters (97% pass rate of all onsite inspections).

Application of revenues received from charges

A secondary benefit of a lane rental scheme is the revenue received from charges. As a general principle however, a lane rental scheme should not be viewed as an additional source of revenue for the Council or a tax for working on the highway.

A successful lane rental scheme should result in work being undertaken outside of peak travel times and therefore no charges applied and no income. However, in practice some works will be undertaken at designated lane rental times, therefore charges will be applied. This has been demonstrated by the pioneer schemes in both TfL and Kent.

With reference to the application of charges, regulations state that the “Authority must apply the net proceeds [after deducting reasonable costs] for purposes intended to reduce the disruption and other adverse effects caused by street works”.

¹ <https://assets.publishing.service.gov.uk/media/5a75bd0ee5274a4368299987/ecorys-lane-rental-report.pdf>

Guidance provides further detail on the areas that could apply for the use of the *net proceeds*:

1. Investment in innovation and developing new products or disruption saving techniques;
2. Trails of new techniques and products;
3. Installing “pipe subways” or ducting than enables apparatus to be accessed more easily and without causing disruption to traffic;
4. Measures to improve the quality or accessibility of records about the location of underground pipes, wires and other apparatus;
5. Repairing potholes caused by utility street works; and
6. Implementing extraordinary measures to mitigate congestion caused by works, especially major works projects.

Existing lane rental schemes in TfL and Kent have highlighted issues with spending the surplus funds within the defined area, with both authorities accumulating large amounts of unallocated net proceeds. This is recognised by the DfT and to address this they have undertaken consultation² on proposed amendments to legislation for the use of surplus revenue (under the previous Conservative government) with a proposal *to amend the 2012 lane rental regulations to require authorities to spend at least 50% of any surplus lane rental funds on repairing potholes, whatever the cause* (related to item 4 above).

This consultation finished in March 2024 and as of the date of this report no further announcement has been made on whether the proposal will be accepted and introduced. As shown online this *[proposal]* was published under the 2022 to 2024 Sunak Conservative government, however it would be fair to consider this regulatory amendment as a bipartisan policy change and is likely to be adopted once the incumbent Minister has reviewed and accepted the proposal.

Disbenefits of a Lane Rental Scheme

Lane rental provides financial incentives for Promoters change their working practices and behaviour – to consider more how to plan and undertake their works to reduce impact on road users.

Findings of the Street Works Lane Rental Evaluation highlighted the following observations (paraphrased) which could be viewed as disbenefits of a lane rental scheme and should be considered carefully in any decision-making;

- the main mitigation measure by promoters is a move towards out-of-hours working, where this is deemed the most cost-effective solution for the promoter and where other restrictions, such as noise and health and safety considerations, do not inhibit night working;
- lane rental charges and mitigation costs tend either to be absorbed by promoters or passed on to customers;
- some promoters have been incentivised to delay non-urgent planned maintenance work to their assets where this would be liable for a lane rental charge. This may have the perverse effect of creating a higher number of emergency work due to poorly maintained infrastructure;
- due to a blanket daily charge being applied for any incursion in the carriageway for any amount of time, there are insufficient incentives for promoters to reduce their impact by

² <https://www.gov.uk/government/consultations/street-works-fines-and-lane-rental-surplus-funds>

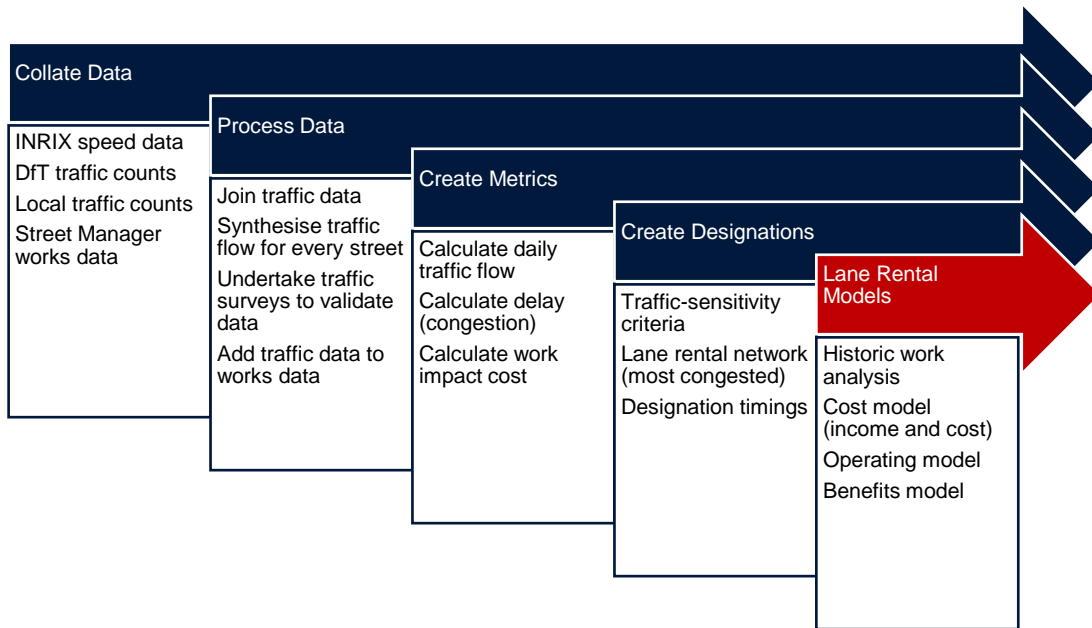
reducing durations within the day or scheduling works to avoid the most traffic-sensitive times within a charging period;

- Lane rental leads to an increase in costs to promoters and ultimately to utility customers and council taxpayers, which reflects the rental value of accessing public assets;
- when deciding how to undertake jobs, promoters assess the costs of the lane rental fees against the costs and feasibility of working in a way that avoids the charges; and
- there are additional costs for promoters to mitigate for lane rental charges, which include additional wage costs for contractors to work out of hours and additional cost for equipment such as lighting and access to materials

Technical Approach

The development of this Study required extensive work to collate and process traffic data across Southampton to identify the busiest streets, and times, to apply lane rental (refer to diagram below). The Study involved a quantitative data lead exercise, delivered by external consultants, with input from Council officers.

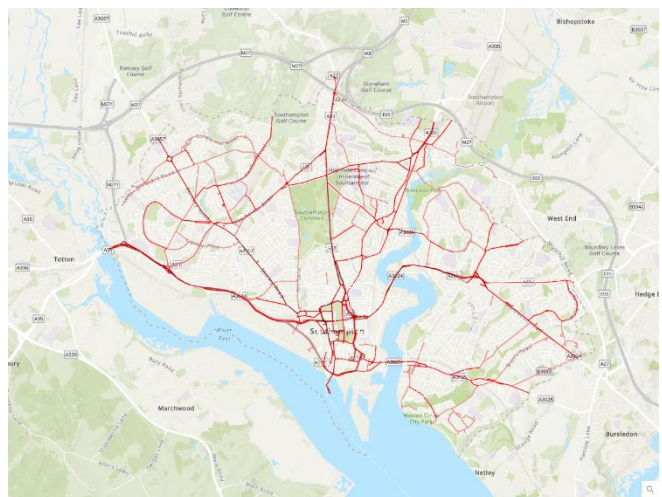
Diagram: Overview of traffic data analysis through to development of lane rental models



Traffic data from various sources, including local traffic counts and GPS probe data (supplied through the DfT) was collated and then synthesised to provide an individual traffic metric for every street. These metrics were then used to identify the potential street designations – for lane rental and for traffic-sensitivity, the latter mandatory for a street to be designated as lane rental.

Map: Estimated congestion delay across Southampton

Analysis of the congestion across Southampton using the DfT’s published data shows that Southampton’s network experiences levels of congestion exceeding 100 seconds per vehicle per mile (spvpm) on locally managed A roads³. This is more than double the national average of 44 spvpm.



The output of this work is shown within the following section ‘Southampton Lane Rental Scheme’, which is effectively a summary of very extensive analysis, review and decision-making over a 6-month period.

Once the proposed designations had been identified, further work was undertaken to define lane rental models to define the cost, operation and benefit of a scheme. These models use historic works (2021 to 2023) and are predicated on existing working practices, such as the timing of work, and expected behaviour changes arising from the financial incentive of lane rental.

³ Table CGN0504d - Average delay on local 'A' roads by local authority in England, Dec 2024

Southampton Lane Rental Scheme

Surrey Lane Rental Scheme

The bordering highway authority, Surrey County Council, introduced a lane rental scheme in 2021 that is compliant with regulations, has been well-received by Promoters (operationally) and can demonstrate clear benefits against the state objectives.

Council Officers therefore considered the introduction of this scheme design suitable for Southampton, to ensure consistency of approach across a wider network area whilst achieving the desired objectives. Additionally, Officers are aware the other neighbouring authorities are considering the introduction of this scheme design.

Scheme design

The Scheme and associated schedule (designations defining the applicable streets and timings) will form part of the statutory instrument to bring the Scheme into legal effect. Under current regulations this statutory instrument is created by the Secretary of State, following an application process facilitated through the DfT in line with published guidance. As such, the Scheme design is limited to published policy – regulations and guidance.

As mentioned in the proceeding section, the scheme design is based on the Surrey Lane Rental Scheme which was introduced with an operational guidance document that outlines more specific working practices, including work scenarios, to establish common understanding between the Council and Promoters. This operational guidance document will be adopted by Southampton, following a review and update (as required).

Streets

The Government has said that it expects new lane rental schemes to cover no more than 5% of the individual highway authority's network. Schemes can also cover less than 5%.

An authority will need show the coverage of a proposed lane rental scheme and to demonstrate that it is no more than 5% of its network. If an authority wants to apply lane rental to more than 5% of its network, it should provide clear evidence and justification for why this is the case.

Roads subject to lane rental charges will need to meet at least two of the criteria of a traffic sensitive street or 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. [.....]

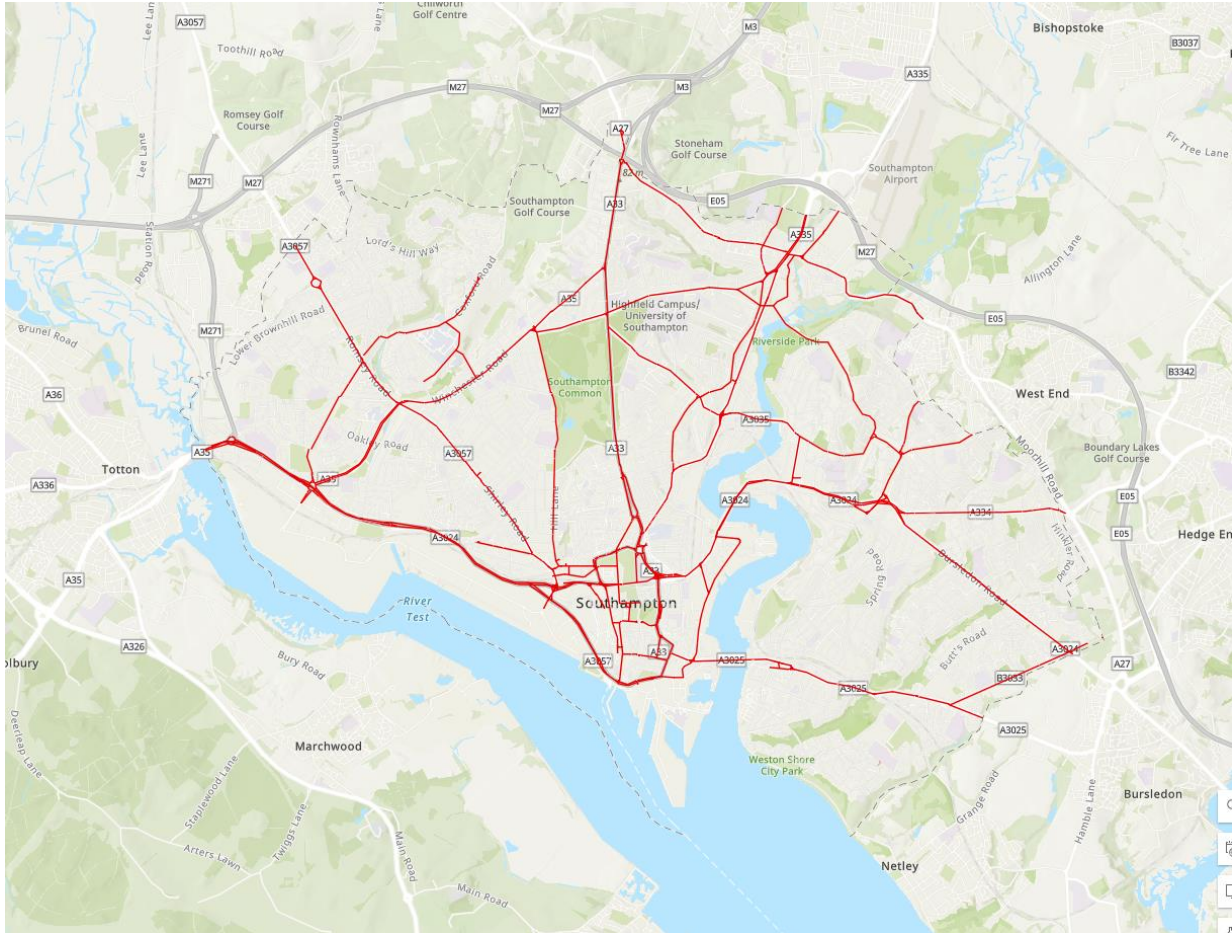
Other roads (such as single road access to a village or a port) which do not meet any other criteria can be considered as part of the 5% provided explanation and justification for their inclusion is support by clear evidence. In very exceptional circumstances, it may be possible for an authority to demonstrate that more than 5% of its roads meet the requirements.

The key requirements from this Guidance can therefore be summarised as follows:

- the scheme is to apply to the most congested and critical parts of the council's network, and therefore would only be applied to more than 5% of the entire network [length] – with clear justification and quantifiable reasoning for the roads selected.
- charges can only be applied to those works undertaken on streets designated as traffic-sensitive and where works are carried out at the designated traffic-sensitive timings, e.g. Monday to Friday 07:30 – 16:30.

The chosen lane rental network comprises 109 individual streets (USRNs) and is 114.5Km in length. Based on a total length of 591Km (from road length statistics published by the DfT (RDL02)⁴) this equates to 19.4% of the total network.

Map: lane rental network across Southampton



Current guidance states [the] DfT expects lane rental to cover between 5% and 10% of an authority's network where it is being operated by an individual authority. Southampton's proposed lane rental network is more than the 10% (maximum) suggested within guidance, therefore there is a potential risk from challenge, from interested parties, such as Promoters, and the DfT and Secretary of State.

It is noted that the guidance also states the [previous published guidance] 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"*.

To mitigate for this risk, the Council needs to justify why this proportion of network is necessary within the regulatory consultation process and subsequent application to the Secretary of State.

This justification will comprise two key considerations: (1) reasoning for the 10% limit within guidance; and (2) the road network and traffic characteristics within Southampton. Essentially, the contention will be that, aside from the TfL lane rental scheme, the guidance is predicated on lane rental schemes introduced in areas with a much higher proportion of rural network and lower congestion levels.

⁴ <https://www.gov.uk/government/statistical-data-sets/road-length-statistics-rdl> .

Table: Road length statistic (2023) for the Local Authority managed road network published by DfT

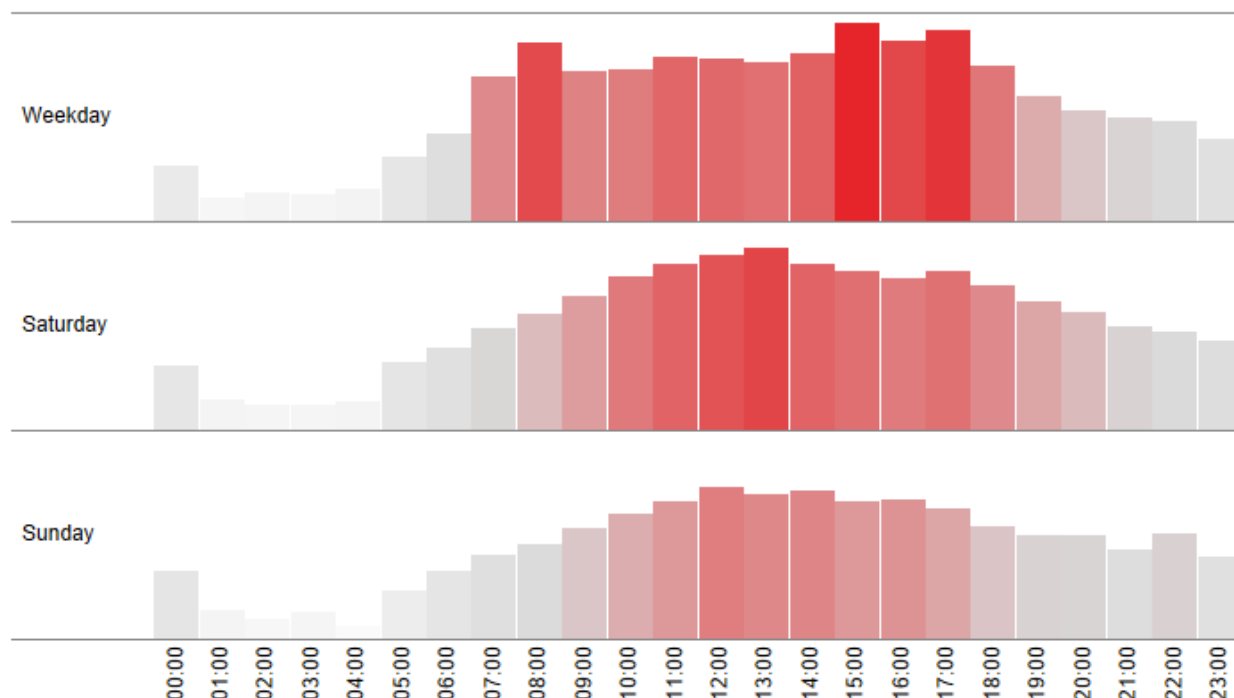
Local Authority	Kent	Surrey	West Sussex	Southampton
Road Length (Km)	9,025	5,320	4,041	591
A Roads (Km)	808	559	481	58
Urban Minor Roads (Km)	2,772	2,868	1,582	523
Rural Minor Roads (Km)	5,445	1,894	1,978	11
% A Roads	9%	11%	12%	10%
% Urban Minor Roads	31%	54%	39%	88%
% Rural Minor Roads	60%	36%	49%	2%

In comparison to Kent County Council, Southampton experiences similar levels of congestion across its locally managed A Roads, at 34.4 seconds of delay per vehicle mile. Southampton's network is however much more urban in nature, with almost 70% of its roads classified as urban.

Timings

'When' lane rental applies is equally as important as 'where' lane rental applies and should be based, wherever possible, on data and quantifiable analysis. The output of the vehicular traffic data analysis undertaken for this study provided delay patterns, delineated by hour and day of the week, disaggregated into bands determined by the volume of vehicles per day.

Delay profile (per hour) for weekday, Saturday and Sunday on lane rental streets



As shown in the graphic above, peak delay is typically experienced from the morning peak through to evening peak with minor degrees of variance, during a typical weekday and at weekends. It could therefore be assumed to apply lane rental to these times as they represent the most busiest times. However, timings for lane rental must ensure a balance between the appropriate level of incentive at peak times, whilst also providing opportunity for works to be undertaken outside of these times to reduce or avoid exposure to charges by carrying out works in less disruptive ways.

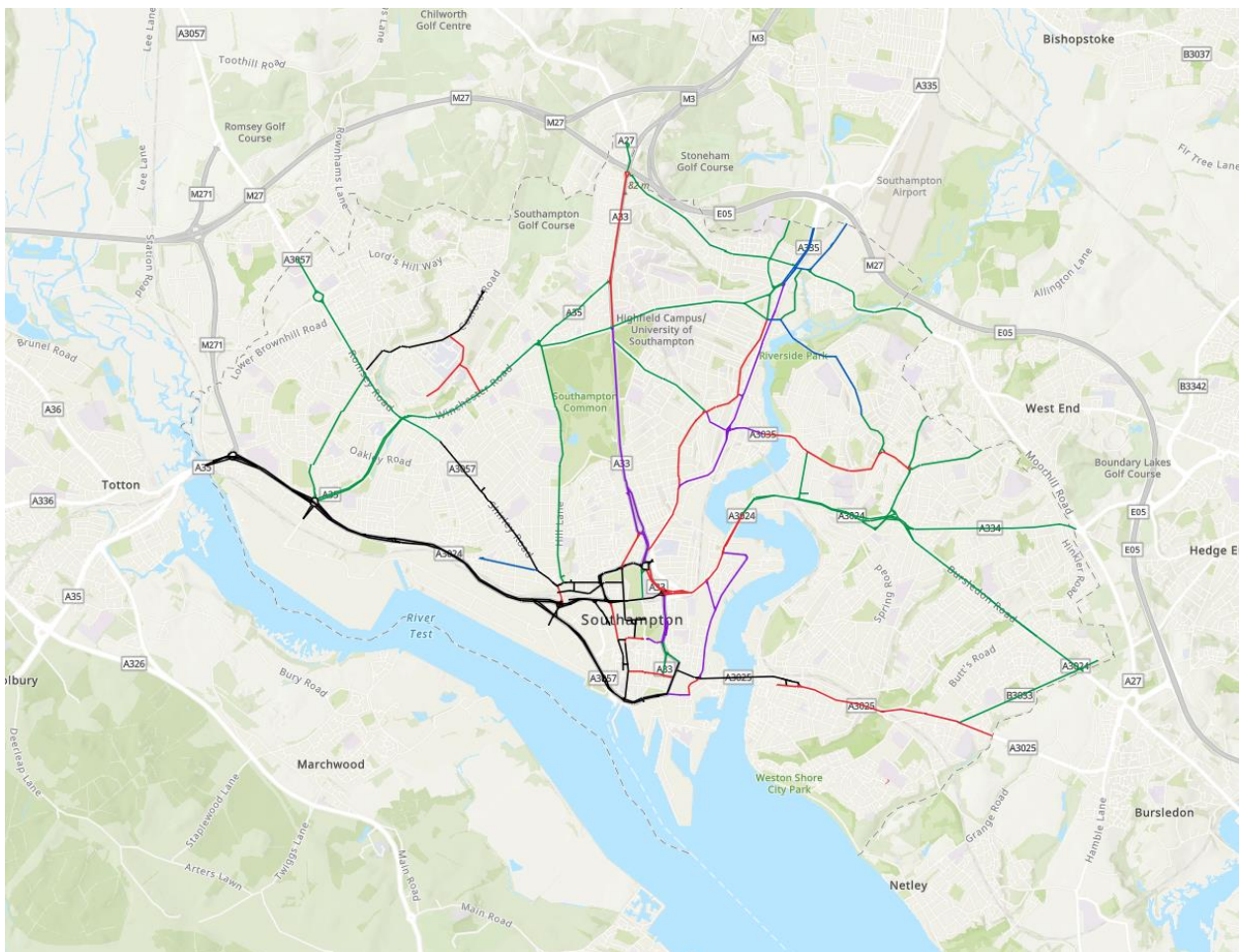
Whilst a specific timing could be considered for each individual street on the lane rental network, it would be impractical to operate this for both the Council and Promoters. A better approach is to apply pragmatic timings within bands of streets, based on a total average daily flow which is relatable to overall timings for delay.






The table and map below show the lane rental timings to be applied, within three bands, across the lane rental network. As per the Scheme design, charges will apply at “specified times”, which include Saturday, Sunday and public holidays (these will be treated as a Sunday). No charges will apply on the Christmas Day public holiday.

Table: Lane rental timings (band)

Band	Timings	Length (Km)	Streets	% Chargeable
A	Monday-Friday 0600-1000 & 1500-1900	30	46.5	24%
B	Monday-Friday 0600-1000 & 1500-1900; Saturday 1000-1600	15	13.7	27%
C	Monday-Friday 0600-1900	4	5.2	33%
D	Monday-Friday 0600-1900; Saturday 1000-1600	23	20.2	36%
E	Monday-Friday 0600-1900; Saturday 1000-1600; Sunday 1000-1600	37	37.6	40%

Map: Lane rental network with timing designation



	Monday-Friday 0600-1900; Saturday 1000-1600
	Monday-Friday 0600-1000 & 1500-1900
	Monday-Friday 0600-1900
	Monday-Friday 0600-1900; Saturday 1000-1600; Sunday 1000-1600
	Monday-Friday 0600-1000 & 1500-1900; Saturday 1000-1600

Charges

The regulations allow a charge, to a maximum of £2,500 per day, for work on a lane rental street undertaken at any time within the designated timing. Work on the footway can also be charged if the work involves excavation (breaking up the street).

With consideration to the charge level, guidance states 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.

The charges therefore need to be proportionate to the estimated level of impact for work on the lane rental network, with consideration to the traffic impacted.

The proposed Scheme charges are based on the traffic control (impact) being deployed, road closure or lane closure. In this definition, the term lane closure means any form of traffic control deployed on the carriageway or where any traffic management reduces the number of lanes of a carriageway which can be safely used or there is any impact which reduces the traffic flow capacity or operation of a junction.

The average estimated impact of a day of works occurring on the proposed lane rental network in Southampton is £3,864 (2010 prices) which is c.£5,600 in today's prices. The impact of works varies according to the traffic control in operation. The following average values of works impact under different types of traffic management are as follows:

- Road closure - £12,280 per day at current prices
- Lane Closure (including traffic control) - £3,780 per day at current prices

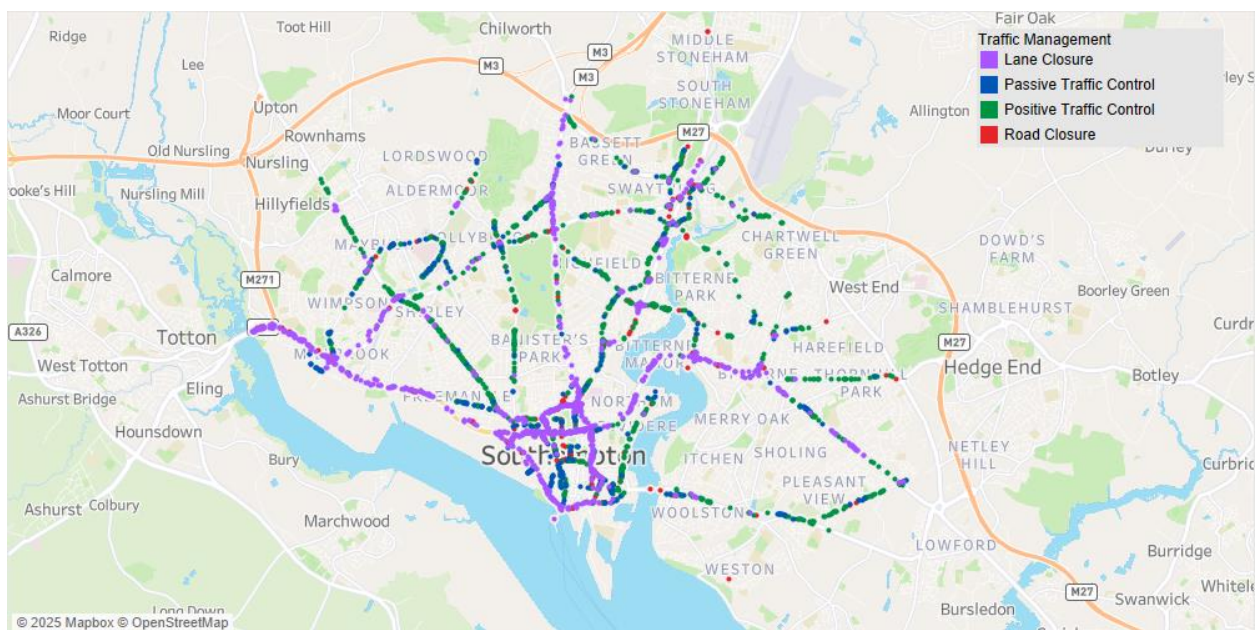
The works impacts are seen to be more than the maximum permissible lane rental charge level (£2,500). Charging for these works is therefore justifiable based on the estimated impact to society. The proposed charges are £2,500 for a road closure and £1,500 for a lane closure. The charge for the road closure represents the maximum charge available under regulations. The lower charge for a lane closure should promote the use of lower impactive traffic control during work instead of a road closure (where suitable for that work).

Analysis of Work

To produce lane rental models for this Study the proposed lane rental network, and associated designations for timings and charges, had to be added to historic work to undertake analysis on works affected, timings and potential charges.

Work data covering the period 2021 to 2023 (inclusive) was downloaded from Street Manager and each individual work was populated with the proposed lane rental network, timing and charges (where applicable). For each work undertaken across Southampton it was identified whether (a) the work was on a lane rental street; (b) if the work was undertaken during a designated lane rental time; and (c) whether the work would be liable for a charge and the total amount of that charge.

Map Work on lane rental streets by traffic management group (2021-2023)



Analysis of works shows on average 864 planned and 121 unplanned works with an impact to the carriageway were undertaken on the lane rental network. Whilst the volume of work remained similar over the period of analysis (2021 to 2023) there was a noticeable increase in duration in 2023 compared to the previous two years. This is primarily attributed to Highway Authority Major (planned) work which are typically longer duration and Immediate (unplanned) work within the Gas, Highway Authority and Water sectors.

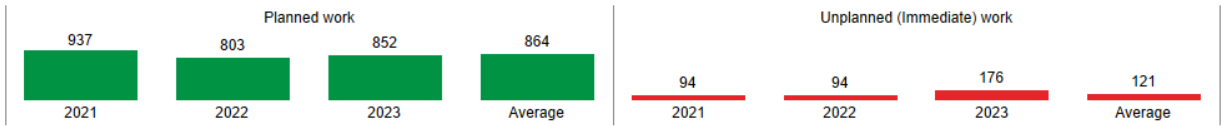
By the nature of the streets in the lane rental network, positive traffic control was typically deployed for these works (88% of total duration) instead of a less impactful passive traffic control (12%). The use of a lane closure, road closure and temporary traffic signals (lights) has a direct impact to traffic flow and congestion on these already busy and congested streets and the surrounding area.

The overall proportion of work duration at peak times (based on the proposed lane rental timings) was relatively high at c.33% of total duration. Under a lane rental scheme this should decrease significantly for planned work.

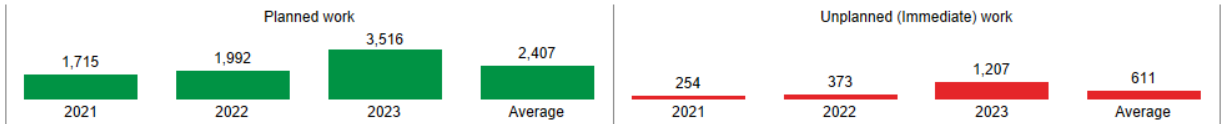
The volume of unplanned (Immediate) work on the lane rental network was relatively low, compared to planned work, however the average durations of these works is high when compared to regional and national averages, especially within the Highways and Gas sectors. In addition, the trend for duration is showing an increase in most sectors. A lane rental scheme should drive down these durations and ensure work on site is optimised, i.e. sites are not left empty, or traffic management is removed swiftly after work is completed.

Charts: Work on lane rental streets (2021-2023)

Work undertaken per year



Total duration (days) of work undertaken per year



Duration of work by traffic control (% of total days)

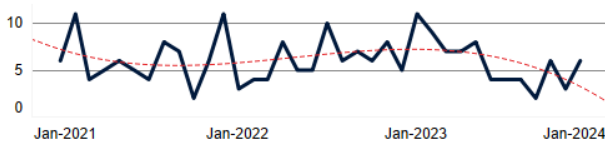


% of work duration at peak time (based on proposed lane rental timings)

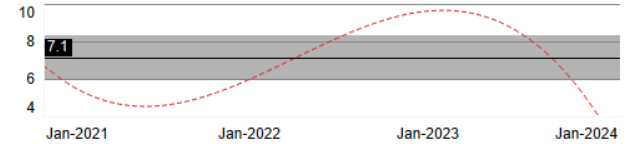


Charts: Immediate work volumes (per month) and average duration (band with trend (line) by utility sector

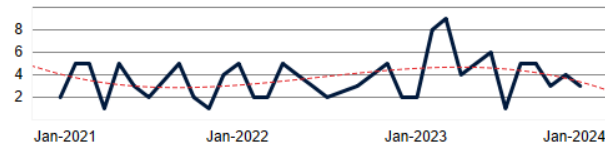
Electricity Immediate work



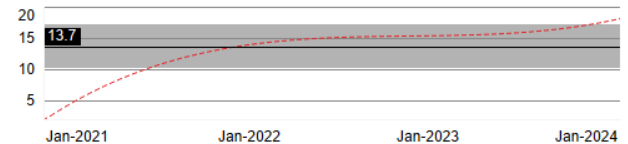
Electricity Immediate work durations



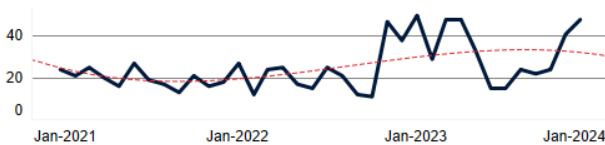
Gas Immediate work



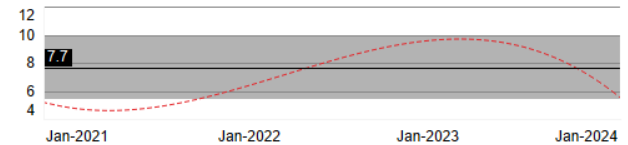
Gas Immediate work durations



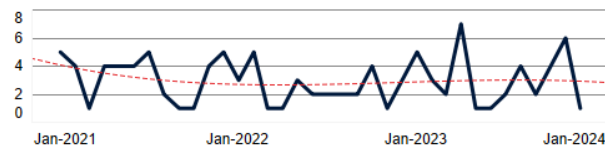
Highway Authority Immediate work



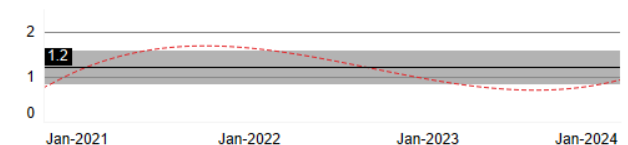
Highway Authority Immediate work durations



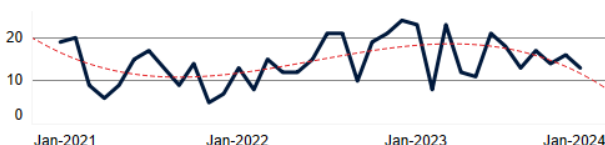
Telecoms Immediate work



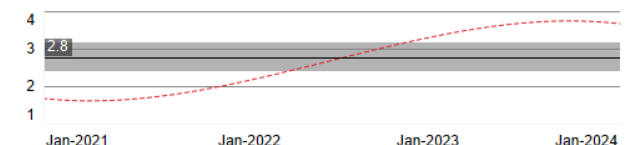
Telecoms Immediate work durations



Water Immediate work



Water Immediate work durations



Lane Rental Costs

Approach

To develop the study, a series of lane rental models are required to define costs. These models are complex, containing many different variables, such as volume of work and Promoter behaviour, with assumptions and represent a forecast of a future scenario. The output of these models must therefore be treated as best-estimate indicators and not definitive values.

To create theoretical models for a lane rental scheme being in effect the work data (2021-2013) was used to define current working behaviours, such as working outside peak times or under a timing permit condition, and then assumptions were applied for future behaviour changes because from lane rental. Council Officers were involved in this analysis to provide input into assumptions and verify the outputs.

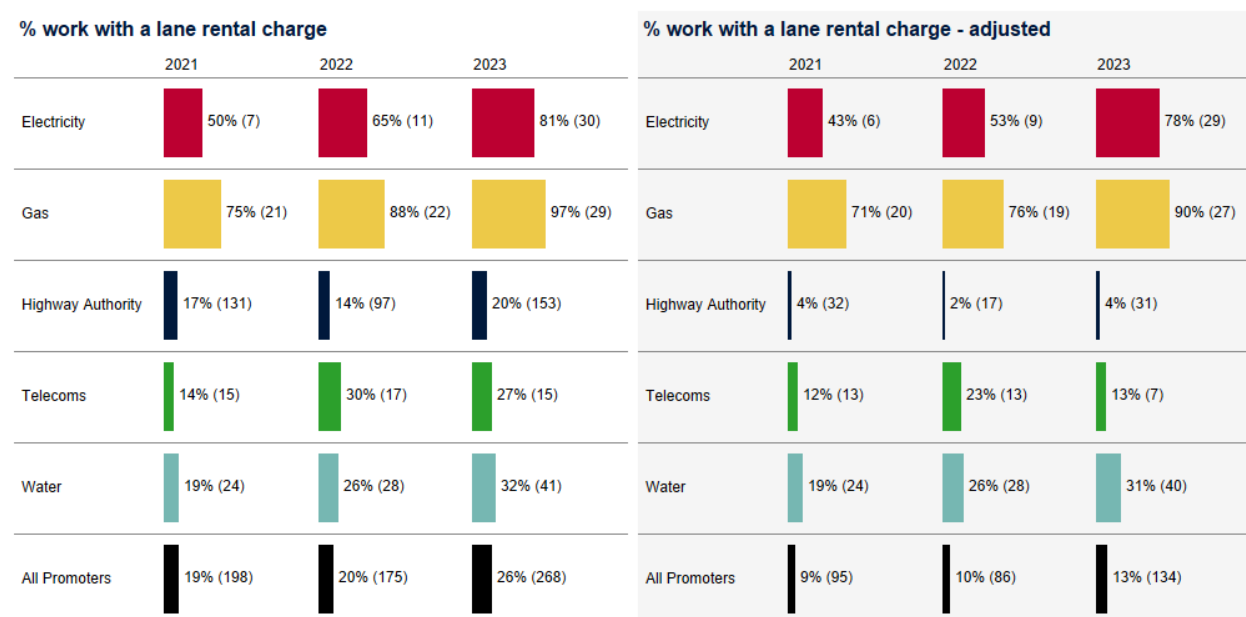
Income from lane rental charges

Estimating potential income from lane rental charges is challenging due to many variables and factors, which include fluctuation in volume of work, working practices, coordination and interpretation of information provided on the work, for example the use of a timing condition. The work analysis has taken these factors into consideration, applying estimates for changes in work from the lane rental scheme, such as a short duration work at off-peak times to avoid a charge.

Table: Lane rental charge adjustments applied to works per year

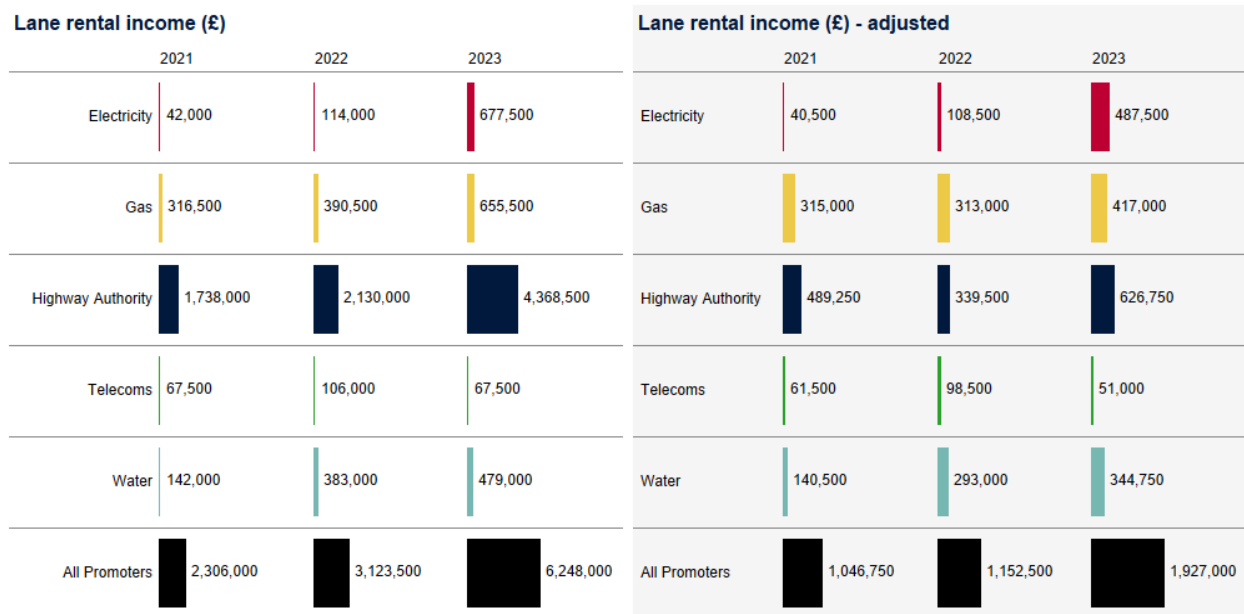
Adjustment	Adjustment Reason	2021	2022	2023
No change – charge applied	-	87	79	117
No Charge	Non-registerable work			1
	Out-of-hours working	93	72	108
	Short duration (<6 hours)	11	16	27
Discount (50%)	Work with collaboration	2	3	3
Discount (limited charge)	Long duration work	5	5	16

Charts: % works with a lane rental charge – with and without adjustment for behaviour changes



As shown in the table below, the estimated charges from lane rental based on work undertaken in 2021-2023 with applied behaviour changes, range from c.£1million to £2million. These figures should be taken as an indicator of the potential revenue.

Charts: Income from lane rental charges – with and without adjustment for behaviour changes



It is worth noting that the highest proportion of charges is from unplanned Immediate work and planned Major work, which is typically an area where the highest potential for change under a lane rental scheme is expected, i.e. Promoters should be trying to reduce their duration of work wherever possible.

Cost of operating a lane rental scheme

Network management

The costs to operate a lane rental for network management are predicated on the cost for additional resource to undertake the changes required to administer the Scheme (as detailed in the following section Operating Model). For the recovery of these costs, regulations are clear that the Council may deduct from charges received from undertakers pursuant to these Regulations, its reasonable costs of operating and evaluating the effectiveness of the scheme under which they are paid.

Another consideration for network management is that under guidance (included in the Scheme design), a *separate permit fee cannot be raised where an activity is liable to a lane rental charge ... 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.* When recovering the cost for administering the lane rental scheme, the Council will need to ensure any additional loss of income from permit fees is also fully recovered.

The key consideration for a lane rental scheme cost model is therefore *will the costs to administer the scheme, including any loss of income within other areas, be recoverable so that the scheme operation is cost-neutral.* As shown with the projected income from charges (refer to above) and costs outlined in this report the Council should consider the risk of not recovering the cost to operate the lane rental scheme as very low.

Highways work Promoters

Lane rental regulations apply to street works, which are primarily those undertaken by statutory undertakers (utility companies) however guidance is clear that *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.*

Road works, undertaken by or for the Council, are therefore also liable for a charge. This includes work undertaken by virtue of a NRSWA Section 50 licence and a Highways Act Section 278 licence (developer work). Charges for these licences are deemed as a recoverable charge from external Promoters.

Analysis of Highway Authority work by workstream and work category shows significant variance across the three years of analysis (2021 – 2023). The analysis shows potential for significant charges for Highway Authority work, primarily for Major planned maintenance (longer duration) however some planned and unplanned routine or reactive maintenance could also attract a high charge.

Changes in working behaviour will be required to avoid or mitigate for lane rental charges, which includes undertaking shorter duration planned work outside of lane rental timings and undertaking longer duration work out-of-hours and/or reducing the impact of traffic control at peak times. Not only will this ensure charges are kept to a minimum, but it will also ensure any impact is limited.

Charts: Estimated lane rental charges for Highway Authority work by workstream and work category

Charges by Highway Authority workstream

		2021	2022	2023
1992	Minor			£4,500 (1)
BBLP City Watch/ITS	Minor	£3,000 (2)	£1,500 (1)	£3,000 (2)
	Immediate			£4,500 (2)
BBLP Planned Maintenance	Major	£1,333,500 (52)	£1,830,000 (41)	£3,248,500 (53)
	Standard	£106,500 (15)	£171,000 (19)	£265,500 (33)
	Minor	£64,500 (33)	£43,500 (20)	£546,500 (23)
	Immediate			£5,000 (1)
BBLP Routine / Reactive Maintenance	Major		£57,000 (2)	£5,000 (1)
	Standard	£13,500 (2)	£4,500 (3)	£18,000 (4)
	Minor	£16,500 (10)	£12,000 (8)	£28,500 (19)
	Immediate	£38,500 (3)		£137,000 (5)
SCC Internal Departments	Major	£93,000 (4)		£62,000 (4)
	Standard	£37,500 (3)	£6,000 (1)	£31,500 (2)
	Minor	£31,500 (7)	£4,500 (2)	£9,000 (3)
Total	£1,738,000 (131)	£2,130,000 (97)	£4,368,500 (153)	

Charges by Highway Authority workstream - adjusted

		2021	2022	2023
BBLP City W..	Immediate			£2,250 (2)
BBLP Planned Maintenance	Major	£268,500 (7)	£200,000 (4)	£456,500 (13)
	Standard	£6,000 (1)	£70,500 (7)	£15,000 (2)
	Minor	£12,000 (4)	£1,500 (1)	£3,000 (2)
	Immediate			£5,000 (1)
BBLP Routine / Reactive Maintenance	Major		£57,000 (2)	£5,000 (1)
	Standard	£13,500 (2)		£9,000 (2)
	Minor	£3,000 (1)		
	Immediate	£38,500 (3)		£40,000 (3)
SCC Internal Departments	Major	£78,750 (4)		£59,500 (3)
	Standard	£37,500 (3)	£6,000 (1)	£31,500 (2)
	Minor	£31,500 (7)	£4,500 (2)	
Total	£489,250 (32)	£339,500 (17)	£626,750 (31)	

The potential cost for the Council to undertake their own road works on the lane rental network should be considered within the context the use of any net revenues from charges (after operating cost) and the proposed (regulatory) amendment *to require authorities to spend at least 50% of any surplus lane rental funds on repairing potholes, whatever the cause*. Overall, it could be accepted that there is a potential for a lane rental scheme to become a cost burden to Council but this is a low risk and can be mitigated.

Operating model

Network management

A lane rental scheme is intended to complement the existing function and structure to operate a permit scheme. The current process for permit review, coordination, works-in-progress compliance inspection and payment and reconciliation of fees and charges would align to the processes required to operate a lane rental scheme.

Some functional areas may require additional resource as the level of work required to effectively administer a Scheme would increase, this includes (a) inspections to ensure work is undertaken with compliance to working arrangements and the recorded times submitted to the Council are accurate; and (b) the reconciliation and payment of lane rental charges and governance in the use of surplus revenues.

Initial review of the current operating model and the introduction of a lane rental scheme suggests that the Council will incur additional staff and overhead costs, including the recruitment of three additional staff, to administer the scheme, at a cost of £188,000 per annum.

Change	Estimated Cost £
Staff increase (3 x FTE) and increased cost for shift allowance	136,000
Additional overheads, including systems, vehicles, training and recruitment	52,000
Total additional cost	188,000

Highways

The lane rental scheme could also introduce an operational change for the Council's work contractor, undertaking road works. They may need to introduce measures to reduce the potential liability from lane rental charges. Therefore, changes to current working practices may need to be undertaken to avoid working at lane rental times.

It should be noted that these changes may introduce further cost in other areas, for example increased cost for working at night or for plant and equipment, *such as lights*, which is difficult to estimate.

Implementing a Lane Rental Scheme

The core activities to introduce a lane rental scheme are outlined in the chart below. Many of these activities are set out within regulations and guidance, and as such some timescales are outside the control of Council Officers, such as the application review and decision by the Secretary of State (through the DfT).

In October 2024 the DfT informed Councils that they are not intending to review any applications until 1st April 2025, after which both their resources and the legal resources to create the statutory instrument are being made available at set times in 6-month intervals. If the Council submit an application to the Secretary of State by April 2025 it should be possible for them to be operating a lane rental scheme by the end of that year.

Chart: Lane rental implementation critical path and timescales

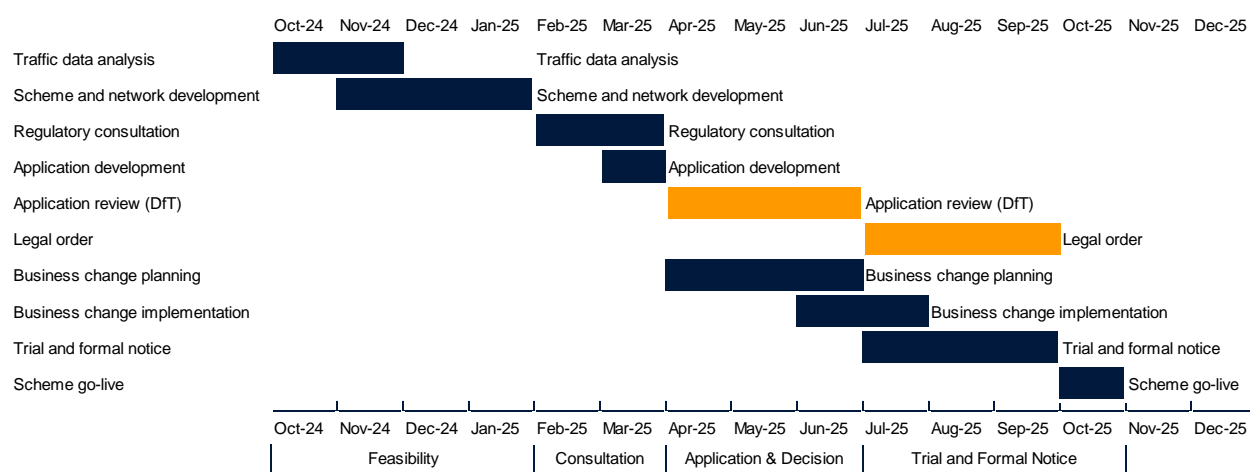


Table: Lane rental critical path activities

Feasibility	The initial stage to develop the lane rental scheme, feasibility study and obtain a formal Council decision to proceed. Informal pre-consultation with key stakeholders is undertaken during this stage.
Consultation	A regulatory consultation with affected parties prior to an application to the Secretary of State. A period of 4-6 weeks is assumed for this consultation, with a period of scheme development post-consultation.
Application & Decision	The DfT indicate a decision should be received within 3-months of applications. Guidance suggested the legal order typically takes 3-months to prepare and be finalised (signed).
Trial & Formal Notice	Guidance suggested that formal notice should be issued 12-weeks before the Scheme come into legal effect. This period also allows for the creation of the legal Order, by the Secretary of State, and to undertake a trial with Promoters.
Business change	The business change required to operate a scheme involves: recruiting new staff; establishing new ways of working, for both the coordination of work and working under a lane rental scheme (for the highways works contractor); updating systems to process lane rental applications and recover charges; and training on new ways of working and processes.

References

Terminology

Authority	A local highway authority, typically a county council or a unitary authority responsible for the maintenance and management of public roads, footways, and other highways within their area. Their responsibilities include maintaining and repairing roads and pavements and, managing street works and road works.
Carriageway	The carriageway is part of the highway intended for vehicles to travel on, which includes cycle-tracks. It doesn't include footway, footpaths or verges.
DfT	The Department for Transport (DfT) is a ministerial department of the UK government. It is responsible for the country's transport network, including policy, planning, and funding for various transport modes such as roads, railways, buses, and aviation. The DfT works to ensure that the transport system is safe, efficient, and sustainable.
Footway	A footway is a part of the highway specifically designed for pedestrian use and commonly referred to as a pavement.
Promoter	A works Promoter is an organisation or entity responsible for planning and executing street and road works. This can include utility companies, local authorities, and contractors who need to carry out works on public highways.
Street Manager	Street Manager is a digital service developed by the UK Department for Transport to plan, manage, and record street and road works.
TfL	Transport for London (TfL) is a local government body responsible for managing most of the transport network in London, including the Underground, buses, Docklands Light Railway (DLR), London Overground. . TfL also oversees major roads, traffic management, and cycling infrastructure in the city.
Work	A collective term for street works carried out on or under the street by statutory undertakers (like utility companies) and road works carried out to repair or improve the highway, maintain or enhance the road infrastructure.