

Divisions Affected – All

CABINET

20 June 2023

Lane Rental for Oxfordshire

Report by Corporate Director of Environment and Place

RECOMMENDATION

1. **The Cabinet is RECOMMENDED to:**
 - a) **Approve the submission of an application to the Department of Transport for Lane Rental in Oxfordshire.**
 - b) **Delegate decision making on the timing and specific content of the Scheme and application to the Corporate Director of Environment and Place in consultation with the Cabinet Member for Highway Management.**

Executive Summary

2. Oxfordshire County Council, as the Traffic Authority, has been running a successful Permit Scheme for road and street works since 2020. As a result, a further opportunity is now available to apply to the Department for Transport (DfT) for an Order to allow for the introduction of Lane Rental in Oxfordshire.
3. The Lane Rental Scheme (LRS) allows for additional charges to apply to works on our busiest roads at the busiest times. This encourages those working on the highway to avoid peak times (to avoid the charges) or pay the charges (completing the works in shortest possible timeframe), the maximum for which is £2,500 a day.
4. Fees arising from Lane Rental must be invested in works operations to reduce impacts, improving the highway network, and compensating society for disruptive works. In accordance with the Department for Transport guidance, it is proposed to set up joint working arrangements between the highway authority and works promoters to manage the allocation of funding arising from Lane Rental.
5. The introduction of Lane Rental was identified as a key ambition of the Network Management Plan 2023-2028, adopted by Cabinet in February 2023.

6. Subject to central government timetables, the intention is to introduce Lane Rental from September 2024.

Exempt Information

7. Not applicable.

Background

8. Network Management receives in the region of 30,000 requests to work on the network per annum and these are coordinated, inspected, and enforced to reduce the impact on the travelling public.
9. The Oxfordshire Permit Scheme is required, under DfT guidance, to be cost neutral to the Authority. The Oxfordshire Permit Scheme generates approximately £1m of activity per annum.
10. Lane Rental allows the Authority to impose specific charges on those requesting to work on the network on our busiest roads at the busiest times (traffic sensitive streets at traffic sensitive times).
11. Lane Rental is the next stage in the evolution of the Network Management Service for Network Coordination, by imposing charges designed to promote behavioural change in the industry. The busiest 5% of the network will be subject to Lane Rental (in accordance with the guidance coming from DfT). Unlike the Permit Scheme, the DfT accept that Lane Rental will generate a financial surplus to the Authority which should be invested into mitigation measures, highway improvements and associated societal benefits.
12. Key benefits of Lane Rental include:
 - Incentivising collaborative working between works promoters
 - Improving the quality of works (to avoid return fees)
 - Works are undertaken outside of key times
 - Working smarter will reduce the time taken to complete works
 - Provide increased resource to manage the network, offset by income generated by the scheme
13. Brighton Traffic Management Limited, were commissioned to undertake a scoping exercise in 2022 to explore the potential benefits of a scheme in Oxfordshire, the results of which are shown at Annex 1, and to support officers in the preparation of an application to DfT.

Outline of Oxfordshire Lane Rental Scheme (LRS)

14. The specifics of the scheme need developing; much will be based on other successful schemes but using Oxfordshire specific evidence. Initial thinking on some of the core principles for the scheme includes:
 - That the Scheme will apply to:

- All work on roads identified as Traffic Sensitive specifically for Lane Rental, taken (as a sub-set) from the current list of Traffic Sensitive Streets from Oxfordshire's National Street Gazetteer. Draft plan of the Traffic Sensitive Sites is due from Brighton Traffic Management by end of July 2023.
 - Work undertaken outside of core off peak times (09:30 – 15:00) on roughly 5% of the highway network - determined as the busiest by traffic volume/bus frequency/critical infrastructure).
 - That there will be one charge set at the maximum allowed daily charge of £2,500, with specific discount criteria to be determined.
 - Lane Rental Traffic Sensitive Streets will be reviewed as part of the scheme development to encompass local conditions beyond those required by the Department for Transport, to maximise the potential network management benefits to the network
 - The aim is to increase collaboration with all works promoters on the highways to reduce congestion at peak hours using financial incentives
 - Governance will be developed, in accordance with the Department for Transport requirements, for the allocation of surplus funds generated by the scheme
15. It is hoped that the scheme will bring about behavioural changes from works promoters for the benefit of road users such as:
- Immediate works completed faster - more immediate works done within 2 days (free period) to avoid the charges
 - Reduced works impact - more resources applied to works to reduce the time taken or carry out works outside of charging hours (though this will mean longer works durations)
 - Improved collaborative working - more works will be done collaboratively by promoters to share the costs and/or charges
 - Increases use of technology - greater use of new technology to speed up the works or reduce their impact, such as 'mole' systems
16. There will also potentially be some impacts that could be considered as negative which will need to be considered when developing the specific details of the scheme, such as:
- Out of Hours Working - more works undertaken out of hours, including overnight (potentially an increase of 10% based experience of others)
 - Works Taking Longer - Some works will take longer if there are done during a shorter day between busy periods to avoid the charges
 - Highway Works - the Councils own works are potentially chargeable, which may impact on programmes or budgets

Corporate Policies and Priorities

Strategic Plan

17. Introducing Lane Rental principally supports the following strategic priorities for Oxfordshire:

- Priority 1 - Put action to address the climate emergency at the heart of our work - by reducing congestion on the network at key times, promoting innovation in the industry to use innovative techniques and support climate emergency mitigation measures through the use of surplus revenues
- Priority 3 - Prioritise the health and wellbeing of residents - by reducing congestion, supporting innovation and support climate emergency mitigation measures through the use of surplus revenues
- Priority 5 - Invest in an inclusive, integrated, and sustainable transport system - by increasing our ability to manage the network to ensure the expeditious movement of traffic on the network, support active travel and other key objectives via the use of surplus revenues
- Priority 9 - Work with local business and partners for environmental, economic, and social benefits – by working with key stakeholders, as required by the DfT, to formulate a bespoke LRS for Oxfordshire which supports local and national transport policies, improvements to the highway network and local policy initiatives

Local Transport and Connectivity Plan (LTCP)

18. Introducing Lane Rental supports the ambitions of LTCP, in particular Policy 31:
- Undertake network management as part of an integrated approach, utilising emerging technologies to maximise its ability to tackle congestion issues in the county
 - Continue to work closely with all stakeholders, partners, and communities to minimise the adverse impact of disruptions on the entire road network within Oxfordshire and beyond
 - Balance the needs of all network users, whilst promoting and prioritising walking, cycling and public transport at every opportunity

Network Management Plan

19. A new Network Management Plan was adopted by the council on 22nd February 2023 and progression of Lane Rental will especially help to deliver the plan by:
- Minimising disruption to those travelling on the network
 - Provision of quality information to the travelling public, taking direct and proactive action to reduce disruption
 - To support active travel schemes
 - Increase journey time reliability and minimise end-to end public transport journey times
 - To effectively coordinate all network activity to maximise the effective use of road space

Financial Implications

20. The Scoping Report at Annex A provides details of the financial assumptions made for Lane Rental. The key headlines from this are:

Costs:

Annual operating costs for the scheme has been calculated at £910k per annum (see Annex 1). This is made up of additional staff to manage and enforce Lane Rental in Oxfordshire, system improvements and refunding lost permit revenue where works are reassigned as Lane Rental.

A breakdown of the scheme's costs is summarised below:

Ongoing Annual Operating Costs	
Start-up Cost Centre	Year 1+
KPI Production / Evaluation	£80,000
Invoicing	£100,000
IT Support	£50,000
Unauthorised / Abandoned	£30,000
Management Overhead	£50,000
Staff Costs (Permit Scheme recharge + additional staff)	£600,000
Total	£910,000

A contingency amount of £90,000 (10%) has been allocated on top of the £910k estimate to ensure there is some coverage over the costing to provide assurance around any sensitivity on the estimates, this revises the overall estimate of costs to £1m.

Income:

Depending on the potential behavioural change within the industry, fees from the scheme is estimated between £3m to £12.5m per annum. Note there are restrictions set out by DfT as to how this can be spent and reinvested. This estimate is based on traffic sensitive streets data sourced from Brighton Traffic Management.

21. One off start-up cost for scheme is £69,600 and is to be funded from the surplus from the Permit Scheme. The cost has been determined on a day rate of £800 per day for 87 days for Consultancy costs via Brighton Traffic Management.
22. Payments for fees will be received in advance from all users and coded to a dedicated cost centre for Lane Rental. The reporting of income and expenditure will be governed under the usual finance governance framework as well as in the 'Street Manager System' (a DfT system operated by OCC).

Financial Governance

23. Once the LRS goes live, we will need to have the Governance Group set up and running within 3 months. Invitations will go out asking for nominees. Recommended plan is 4 representatives from stakeholder utility side, 4 representatives from Oxfordshire County Council and an independent chair. Also supported by additional resources within the authority to help with the bidding process, documentation, cost benefit analysis. There is an existing model for the Governance Group with supporting documents. The group's role will be to receive bids, make decisions on how to spend and maximise opportunities.
24. The LRS is relatively new and Oxfordshire County Council would be one of the leaders. Examples of authorities who have recently adopted it are Surrey and West Sussex. Kent Council were the initial leaders of the first scheme and have it up and running for several years. All following approval by the Secretary of State and are live schemes. Next will be East Sussex in a few months' time. The consultants are developing a pipeline of authorities that are scheduling Lane Rental projects. There is an ambition that DfT will require all Highway Authorities to adopt this scheme in the future; this paper looks to ensure we have the governance in place to accommodate such a change.
25. The schemes that are currently in operation are working well and having the desired impact on behavioural change. Utilities have fed back that when planning works on a lane rental street the works progress to an enhanced coordination and design team. There is greater awareness within promoters about cost of working on a Lane Rental Street, so they are doing more on how to mitigate the costs by working at different times / ways.

Comments checked by:

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Legal Implications

26. The New Roads and Streets Works Act 1991 (NRSWA), as amended by the Traffic Management Act 2004 (TMA), contains provisions for highway authorities to operate Lane Rental Schemes that involve charging promoters for the time their works occupy the highway (Section 74A of NRSWA)
27. Operation of a LRS is subject to a successful application to the Department for Transport. To make a successful application the following criteria must be met:
 - Operation of a successful Permit Scheme
 - Permit fees are proportionate
 - Discounts are offered for joint working
 - Full compliance with the regulations can be shown
 - The scheme fully supports the delivery of national infrastructure projects
28. The LRS application must demonstrate that:
 - The Scheme is applied to the authority's own works

- Charges are used to provide incentives to work outside peak times
- Charges are waived for joint works
- Caps are put in place for major works to replace apparatus

29. Implementation of the LRS must include a process where:
- Promoters are notified (12 weeks) of the planned implementation date
 - The scheme is trialled for a period of time before going live
 - The scheme is reviewed annually to ensure impacts are being realised

Comments checked by:

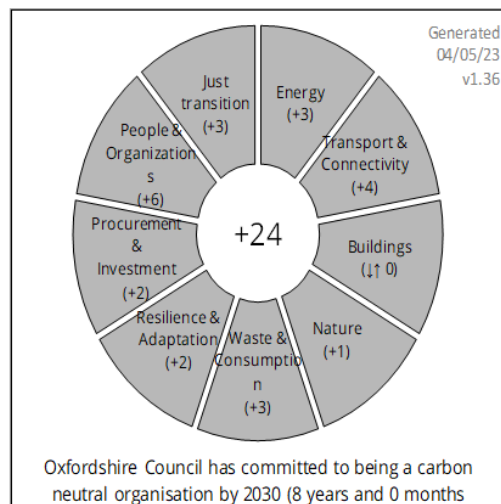
Jennifer Crouch, Principal Solicitor (Environmental)
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Staff Implications

30. Additional staff will be required to operate the LRS - approving applications for works and inspecting, monitoring and enforcing. Exact numbers of staff will be determined during the planning phase and will be fully funded by the scheme income.

Equality & Inclusion Implications and Sustainability Implications

31. A 'Climate Impact Assessment' and an 'Equalities Impact Assessment' has been completed and is attached at Annex 2 & 3.
32. The CIA indicates a net benefit of +24, based on the anticipated benefits of Lane Rental for Oxfordshire.



Risk Management

33. The key risks to the delivery of a successful project are:
- Establishing a scheme that is acceptable to the industry
 - A successful bid to the DfT
 - Establishing an effective Board to deal with surplus income from the scheme
34. Introducing a LRS provides for the following opportunities to the county:
- Enhanced network management
 - Behavioural change in the industry to avoid peak times working on the busiest routes
 - Network activity is compensated for by increased charges
 - Work durations are shortened
 - Encourages innovation in the industry
 - Generates income for highway improvement works

Consultations

35. Introduction of a LRS for Oxfordshire is subject to industry specific consultation which will be undertaken as part of the implementation plan, the results of which will be reported to the Corporate Director for Environment and Place and the Cabinet Member.

Bill Cotton
Corporate Director for Environment and Place

Annex:

1. Scoping Document for the introduction of a LRS for Oxfordshire
2. EIA
3. CIA

Background papers: Nil

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