

# Leeds Lane Rental Scheme – Highways

Date: 17<sup>th</sup> April 2024

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief Summary

The Traffic Management Act 2004 (TMA) imposes a duty on all local traffic authorities to secure the expeditious movement of traffic on their road networks, and to facilitate the expeditious movement of traffic on other authorities' networks. To assist with the planning of this activity Leeds City Council has been running a successful Permit Scheme for road and street works on all its streets since 2020.

Following the Department of Transport's (DfT) publication of its Plan for Drivers in October 2023, Authorities that operate Permit Schemes are now encouraged to apply to the DfT for an Order to allow for the introduction of Lane Rental in the district. Lane Rental would be an additional tool that would enhance the Council's ability to manage works, including our own works, that take place on the highway network.

A Lane Rental scheme allows for significant additional charges to apply to works on our most critical routes at the busiest times. This encourages those working on the highway to avoid peak times (to avoid the charges) or to pay the charges (completing the works in the shortest possible timeframe), the maximum for which is £2,500 a day.

The principal aim of a Leeds Lane Rental Scheme is to reduce further the disruption caused by road and street works. A condition of Lane rental is that any surplus revenue is used on improvements to the operation of the highway network.

Work has been progressing on the development of a potential Leeds Lane Rental Scheme. This report seeks to gain approval for key stages in the implementation of such a scheme, to carry out formal consultation as part of the development of the scheme, to apply to the Secretary of State for a Leeds Lane Rental Scheme and to prepare the Order, and if successful implement a Leeds Lane Rental Scheme for the Leeds District.

## Recommendations

The Executive Board is requested to:

- a) Note the process and benefits of introducing a Leeds Land Rental Scheme;
- b) Note the progress to date on the development of a Leeds Land Rental Scheme;
- c) Approve the commencement of formal consultation with key stakeholders identified in Department for Transport guidance and required as part of the development of a Leeds Lane Rental Scheme; and
- d) Delegate decision making on the timing, specific content of the scheme, application to the Secretary of State, and implementation of the Leeds Lane Rental Scheme to the Chief Officer Highways and Transportation in conjunction with the Executive Member for Sustainable Development and Infrastructure.

## What is this report about?

- 1 The Traffic Management Act 2004 (TMA) imposes a duty on all local traffic authorities to secure the expeditious movement of traffic on their road networks, and to facilitate the expeditious movement of traffic on other authorities' networks. Additionally, the New Roads and Street Works Act (NRSWA) 1991 places a duty to coordinate street and road works on the highway.
- 2 A significant proportion of work on the highway network is generated by utility companies, including telecommunication companies, who have statutory powers that allow them to place and maintain apparatus in the highway. Maintaining these critical services in a planned manner is essential if unnecessary disruption is to be avoided. Each year a significant number of emergency and urgent works, such as water bursts or gas leaks, occur adding to the challenge the Council faces.
- 3 The service receives in the region of 40,000 requests to work on the network per annum (2022/23 this rose to 53,000) and these are coordinated, and a proportion inspected, and enforced to reduce the impact on the travelling public. The primary means of controlling and coordinating this activity is through the Leeds Permit Scheme which is administered by the Network Management team in Highway and Transportation.
- 4 The Leeds Permit Scheme was initially introduced in 2012, covering around 30% of the network, and expanded in 2020 to encompass all streets that the authority is responsible for.
- 5 The Leeds Permit Scheme is required, under Department for Transport (DfT) guidance, to be cost neutral to the Authority. The Leeds Permit Scheme generates approximately £1.6m of fees per annum which supports the running cost of the Network Management team consisting of 37 FTEs. In addition to coordinating the circa 40,000 works requests, each year the team also grant around 11,000 highway licences, process 1000 road closures, carry out c12,000 inspections and answer c8000 general enquiry phone calls. Since its introduction the Leeds Permit has helped the service minimise delay and disruption caused by works. The extra control the permit scheme provides had resulted in significant reduction in average duration of works when contrasting requested versus approved durations. Current average durations are 4.57 days (excluding major schemes of 50 days or more) which represents a reduction of around 35% since the permit scheme was introduced. This has resulted in tens of thousands of calendar workdays of disruption saved since the scheme was introduced, and much more accurate information regarding start and finish dates. In 2022/23 alone over 3,000 workdays were saved.
- 6 Lane Rental allows the Authority to impose specific significantly higher charges on those requesting to work on the network on our busiest roads at the busiest times (traffic sensitive

streets at traffic sensitive 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. The principal objective of the scheme is to reduce disruption for the travelling public. We are awaiting confirmed guidance, but the expectation is that between 5-10% of the network, and principally on the key route network, will be involved in the Leeds Lane Rental Scheme (LLRS).

- 7 In contrast to the Leeds Permit Scheme, there is no requirement that a LLRS is operated as a cost neutral scheme. However, a key stipulation of Lane Rental schemes is that surplus revenue must be reinvested into the highway network.
- 8 In summary the key benefits of Lane Rental include:
  - Incentivising collaborative working between works promoters
  - Improve planning, co-ordination and working methods to maximise efficiency
  - Optimise the number of operatives on site to enable works to be completed as quickly as possible
  - Reduced works durations and working smarter to reduce the time taken to complete works
  - Works are undertaken outside of key times to minimise disruption
  - Reduce the length of time that sites are unoccupied
  - Reopening the highway to traffic at the busiest times
  - Complete works to the required standard first time, with permanent reinstatements (to avoid temporary reinstatements and return visits)
  - Encourage investment in practices to support the objectives
  - Provide increased resource to manage the network, offset by income generated by the scheme
  - Fund projects that reduce the disruption or other adverse effects caused by street works
  - Fund projects that support delivering the Network Management Duty and network resilience
  - Operational support delivery of the Network Management Duty
- 9 Lane Rental is the next stage in the evolution of the network management duty, by imposing charges designed to promote behavioural change in the industry. The busiest or most strategic routes of the network will be subject to Lane Rental (in accordance with the guidance coming from DfT). The introduction of a LLRS would enable Leeds City Council to support their duty to co-ordinate and manage all street and road works, on the highway, to minimise disruption.
- 10 Unlike the Permit Scheme, the DfT accept that Lane Rental will generate a financial surplus to the Authority, and it is a requirement of such schemes that the surplus revenue is reinvested into the highway network on measures that reduce the disruption or other adverse effects arising as a result of street works. In addition, the government recently published its Plan for Drivers (DfT October 2023). Within that document the government states that it plans to support councils to introduce more Lane Rental schemes and its intention to allow at least 50% of any surplus revenue to be used on pothole repairs or resurfacing.
- 11 Swift Argent Limited, were commissioned to undertake development work in late 2023. This development work has reached the stage where formal consultation with key stakeholders

needs to be undertaken in the near future to progress the scheme. The consultees are set out in national guidance and include all works promoters operational in the city, WYCA, neighbouring highway authorities, emergency services, relevant regulatory authorities (e.g. Ofwat), representative bodies of road users including representatives of disabled people, representatives of transport operators and business, and any person(s) bodies or groups who have made a written request asking to be consulted.

- 12 As detailed above the initial funding for this work was provided through the Invest to Save process. All development costs are recoverable from Lane Rental revenue once a scheme is in operation.
- 13 Such a scheme would allow for additional charges to apply to works on our most critical routes 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.
- 14 The delivery of the Leeds Public Transport Investment Programme, City Centre Package, and other schemes, both built and planned, have improved the attractiveness of the city, and enhanced the choices for travel, particularly sustainable travel options. However, the consequence of these successes is that the highway network is less able to accommodate unusual traffic patterns as fewer re-routing options are possible and in areas where road reallocation has occurred capacity has been reduced. In short general traffic 'resilience' has been reduced. It is therefore essential that the remaining most critical routes for traffic are protected and that steps are taken to ensure these routes are well maintained to avoid reactive works, and that when works do take place they are done as efficiently and quickly as possible.
- 15 A LLRS would therefore provide a mechanism for providing all works promoters with an incentive to change behaviour and minimise their occupation of the street at the most sensitive times at the most sensitive parts of the highway network thereby contributing to our statutory duties and improve network resilience.
- 16 In addition to the network management benefits, revenue from the implementation of a LLRS could be a positive outcome. As detailed above a requirement of Lane Rental schemes is that the surplus or net revenue is reinvested into the highway network or measures that assist in its management. The need for a resilient road network will be even more critical in future years with the introduction of a Mass Transit scheme. In March 2024 the Combined Authority published plans for Phase 1 of the ambition with work on the ground targeted for 2028. This initial phase is proposing two lines serving Leeds and Bradford. WYCA will be a key consultee in the LLRS.
- 17 The introduction of a LLRS provides an opportunity for greater engagement of the Network Management team through the planning and construction of transformational schemes such as Mass Transit. It will ensure that all options are explored to minimise disruption during construction and that charges are proportionate and used to fund associated measures to the highway network such that the end user is the ultimate beneficiary.
- 18 This report seeks to gain approval to carryout formal consultation as part of the development of the scheme, develop the associated schemes charging policy and details, to apply to the Secretary of State to approve the application and issue an Order in the form of a Statutory Instrument, and if successful implement a Leeds Lane Rental Scheme for the Leeds District.

### **What impact will this proposal have?**

- 19 The Traffic Management Act (TMA) 2004 imposes a duty on all local traffic authorities to secure the expeditious movement of traffic on their road networks, and to facilitate the expeditious movement of traffic on other authorities' networks. Additionally, the New Roads and Street

Works Act (NRSWA) 1991 places a duty to coordinate street and road works on the highway. These duties are the responsibility of the Network Management section and Traffic Manager for the Authority.

- 20 A LLRS if implemented would make a significant contribution the aims of the service by minimising disruption and improving journeys for the public, thereby complying with the service's statutory duties. In additional the expected surplus revenue from a LLRS will provide significant funding or investment in the highway network.
- 21 The Leeds Permit Scheme would continue to operate, the LLRS is an additional control on activity and does not replace the permit scheme.

### How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 22 A key duty of Network Management section is to minimise delay, disruption, and the negative effects of from works to improve infrastructure and investment in essential services. This ranges from the maintenance of essential utilities and the roll out of super-fast broadband to our own transformative schemes that contribute to the transport strategy. A LLRS would complement the Leeds Transport Strategy by improving network management, by reducing delay on the busiest roads at the busiest times, minimising the need for diversions and extra miles travelled at the busiest times, both of which will positively impact on the climate emergency and carbon agenda. This would also benefit key bus routes and improve the reliability of public transport.
- 23 Road and street work also impact on non-motorised modes of travel, through direct works or the need to navigate complicated traffic management layouts. A LLRS will help to minimise these occurrences at the busiest times also.
- 24 The scheme if implemented may result in more work being done at unsocial times to avoid busy periods. While the scheme is targeted at the busiest and most strategic routes in the district, there may be occasions where residential amenity needs to be considered. A steering group has therefore been established as part of the development of the scheme including officers from Legal, Finance and Environment to ensure this fully considered in developing the scheme.

### What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 25 The Executive Member for Sustainable Development and Infrastructure has been consulted on the proposal.
- 26 A Joint Development Group of key stakeholders has already been established with utilities, works promoters, such as the Network Rail and adjacent local authorities invited. By way of context both North Yorkshire Council and Kirklees Council are at a similar stage with the development of their own Lane Rental schemes.
- 27 In the context of the Financial Challenge the proposals secured Invest to Save funding to appoint the specialist consultants to help develop the scheme. The introduction of a LLRS will contribute to the challenge of funding the Highways and Transportation service.

- 28 Separately an internal steering group has been established involving officers Legal, Finance and Environmental Services.
- 29 While no specific wider consultation or engagement has taken place in relation to a LLRS a key recommendation of this report is that the formal consultation process is undertaken as part of the development of the scheme. The consultees are set out in national guidance and include all works promoters operational in the city, WYCA (initial informal briefing has taken place to date), neighbouring highway authorities, emergency services, relevant regulatory authorities (e.g. Ofwat), representative bodies of road users including representatives of disabled people, representatives of transport operators and business, and any person (s) bodies or groups who have made a written request asking to be consulted.
- 30 The government recently published its Plan for Drivers (DfT October 2023). Within that document the government states that it plans to support councils to introduce more Lane Rental schemes. In addition, the government has recently carried out a consultation that would allow at least 50% of any surplus revenue to be used on pothole repairs or resurfacing.

### **What are the resource implications?**

- 31 Should the LLRS be implemented the costs of implementation, including the sum to appoint Swift Argent Ltd, is recoverable from the anticipated net revenue set out below.
- 32 Initial funding for Swift Argent is provided through the Invest to Save budget.
- 33 An initial assessment of anticipated gross revenue from a LLRS has been undertaken and allowing for behavioural changes this is estimated to be in the region of £1.5m before operating costs and other costs. In contrast to the established Leeds Permit Scheme, which is cost neutral and would continue to operate, the LLRS revenue after operating costs would be reinvested in the highway network.
- 34 With reference to operating costs initial assessment of the cost of operations and staff time relative to the anticipated volume of works on LLRS streets is expected to be circa 20% of gross revenue, and a reduction in permit. The Lane Rental scheme may also apply to the Council's own works on the highways if they were undertaken on Lane Rental streets as Lane Rental times.
- 35 With reference to operating costs, the new LLRS will require additional staff to undertake a number of new and enhanced business processes including additional monitoring of works, starts and stop days and times, additional checks on compliance with the working conditions agreed such as traffic management and location, additional processes supporting invoicing and debt management and reporting, and management. In addition, the cost of operating a Surplus Revenue Group that would govern how the revenue would be reinvested in the highway.
- 36 After operating costs and other factors as set out above, the net gain in funds, the surplus revenue, spent on the highway network from the LLRS is anticipated to be in the region of £760,000 per year.
- 37 Staffing support for the development phase of a LLRS can be carried out within the existing staff resources. If implemented the LLRS will require a restructure, the cost of which is allowed for in the above figure.

### **What are the key risks and how are they being managed?**

- 38 Should a decision to not proceed with a Leeds Lane Rental Scheme then the development costs would not be recoverable.

- 39 Delaying the formal consultation, scheme development and application to the Secretary of State and ultimate implementation will delay the societal benefits, reduced disruption, and receipt of anticipated significant revenue.
- 40 Once a scheme has been submitted to the Department for Transport the Secretary of State can approve it, with or without modifications or reject it.
- 41 Working with a proven specialist consultant such as Swift Argent Limited, limits the risk that the application to the Secretary of State will be rejected.
- 42 The scheme if implemented may result in more work being done at unsocial times to avoid busy periods. While the scheme is targeted at the busiest and most strategic routes in the district, there may be occasions where residential amenity needs to be considered, such as the noisy activities during the night. A steering group has therefore been established as part of the development of the scheme including officers from Legal, Finance and Environment to ensure this is fully considered in developing the scheme, for example where exemptions might be applied to the lane rental charges during the day so residential amenity can be protected without penalising a works promoter.

### **What are the legal implications?**

- 43 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).
- 44 The power for local highway authorities to implement and operate a lane rental scheme in England is subject to the approval of the Secretary of State.
- 45 Any local highway authority making an application to the Secretary of State to run a Lane Rental Scheme will need to have carried out a full consultation amongst a wide variety of stakeholders such as Statutory Undertakers and road works promoters alongside making a robust application for approval on the Scheme itself.

### **Options, timescales and measuring success**

#### **What other options were considered?**

- 46 The Traffic Management Act 2004 (TMA) imposes a duty on all local traffic authorities to secure the expeditious movement of traffic on their road networks, and to facilitate the expeditious movement of traffic on other authorities' networks.
- 47 In pursuit of this duty Leeds City Council has been running a successful Permit Scheme for road and street works on all its streets since 2020.
- 48 The council could elect to do nothing and continue with the established Leeds Permit Scheme. However, a Leeds Lane Rental Scheme is expected to reduce further the disruption caused by road and street works, and secure additional investment in the highway network. A do nothing approach is therefore not recommended.

#### **How will success be measured?**

- 49 Success will be measured by the service's ability to reduce disruption on the highway network at the busiest times and providing a more resilient highway network that will help to futureproof the development of further transformational schemes in the city such as Mass Transit.

- 50 Net revenue from the scheme would be reinvested into the highway network or the management of the highway network, providing additional opportunities to improve on network management.
- 51 An implemented scheme would be evaluated annually to ensure its objectives are being met.

### **What is the timetable and who will be responsible for implementation?**

- 52 The government, following the announcement of the cessation of the HS2 project, have highlighted the benefits of Lane Rental schemes and they are promoting their implementation. The government recently published its Plan for Drivers (DfT October 2023). Within that document the government states that it plans to “Support councils to introduce more Lane Rental schemes, which reduce roadworks by incentivising utilities to avoid the busiest roads at the busiest times. This has been successful in London, and we want to see them nationwide, stopping lengthy road closures for utility works”.
- 53 It is anticipated that there will be significant demand throughout the country for lane rental and a shortage of specialists to assist with this. Officers have therefore moved quickly to appoint Swift Argent Limited.
- 54 The formal consultation and delegated authority requested in this report are important steps in the application process and will enable the LLRS to be implemented as soon as possible.
- 55 At this stage it is anticipated that a Leeds Lane Rental Scheme would be fully implemented for the 2026/27 financial year, but the service is wishing to implement the scheme earlier if possible.
- 56 Responsibility for delivery of the scheme would sit within the Network Management team in the Highways and Transportation service and the Chief Officer Highways & Transportation.

### **Appendices**

- None.

### **Background papers**

- None.