

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Highways and Waste
Date:	28 January 2025
Title:	Highways Disruption Charging (Lane Rental) Scheme Development
Report From:	Director of Universal Services

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Purpose of this Report

1. The purpose of this report is to provide an overview of the proposal to develop and implement a Disruption Charging (Lane Rental) Scheme for strategic elements of the public highway network in Hampshire that are maintained by the County Council. An indicative map of the proposed network, that will be subject to disruption charging has been developed to illustrate the routes likely to be included in any formal scheme. This is included as Appendix A.

Recommendations

2. That the Executive Member for Highways and Waste notes the progress on the project, the potential cost to the County Council, and the projected timeline for developing and implementing a scheme.
3. That the Executive Member for Highways and Waste agrees to continue with the development of a draft Disruption Charging scheme for formal consultation in Summer 2025.

Executive Summary

4. This paper seeks to provide an update on the progress towards developing a draft disruption charging scheme and clarifies relevant key facts following the appointment of a consultant, and also further information supplied by the Department for Transport (DfT). The paper also documents a preliminary draft network for Hampshire that will be subject to disruption charging and outlines the risks and possible timeline for the deployment of a scheme.

Contextual information

5. Primary legislation for running a disruption charging scheme comes from Section 74A of the New Roads and Street Works Act 1991 (NRSWA). The relevant regulations are the Street Works (Charges for Occupation of the

Highway) (England) Regulations 2012. The DfT considers that Lane Rental (DfT terminology for disruption charging)) schemes are proven to be effective to a Highway Authority in executing its Network Management Duty (Section 16 of the Traffic Management Act 2004 (TMA)). Any scheme must necessarily focus on the most congested and strategically important routes with the aim of minimising disruption across busier parts of the road network.

6. All works on a route covered by the scheme will attract a daily charge (and it is important to note that this must include the County Council's own highway works). The charge encourages work to be completed as quickly as possible, thereby reducing the length of time that a chargeable route will be exposed to traffic disruption. Discounts to the daily charge are applied for working outside peak times or employing methods that reduce overall traffic disruption. The DfT generally restricts schemes to cover up to 10% of the overall network, though more can be included as long as a case can be made. For Hampshire 10% of the network would be about 518 miles.
7. The purpose of a disruption charging scheme promoted by DfT is to encourage any roadworks on the most congested and strategic routes to be expedited with minimum impact on moving traffic. Reducing traffic congestion assists the County Council in executing its primary duties under NRSWA and TMA. Experience from existing schemes run by other neighbouring County Councils shows that works promoters significantly alter their working practices to avoid or reduce the charges. The County Council receives a significant amount of customer enquiries and complaints about disruption caused by road works often delivered by third parties, so the scheme will benefit residents and road users in Hampshire.

Finance

8. A disruption charging scheme would run alongside the existing permit scheme. All works promoters will be charged a 'rental' fee for occupation of the highway, which will be up to £2,500 per day – this will include weekends and bank holidays. The fee will be applicable to the County Council as well, and discounts must be available for works promoters who employ sensible working practices that minimise disruption, e.g. working at night. From initial investigations it is likely that a disruption charging scheme could generate between £4 million and £6 million gross income each year before the scheme running costs are taken into account.
9. It is important to understand that income from a disruption charging scheme will cover the reasonable operating costs of the scheme, with any surplus funds going into a ringfenced pot to be used to reduce the disruption and other adverse effects caused by street works. Surplus funds can also be used for schemes, projects or research aimed at reducing traffic congestion, i.e. the surplus should not be used for repairing potholes caused by general wear and tear or, for example, bad weather. There is no guarantee that the County Council will recover any funds, beyond its own reasonable operating costs, from the disruption charging scheme pot for its own schemes. Governance arrangements will be established to ensure funds are committed in accordance with legal requirements and guidelines, including actively consulting those that have contributed to the disruption charging (lane rental) scheme charges.

10. County Council works promoters will need to carefully consider and plan for the implementation of a disruption charging scheme. There will be a 'grace period' of up to two years whereby existing, planned schemes could be exempt from charges. Beyond the grace period charges would always apply, and this will have an impact on future scheme design and planning.
11. A disruption charging scheme will have an impact on providing a Legal Minimum Service (LMS) by the County Council. Although there is no legal requirement to run a disruption charging scheme, once in force, compliance will be a legal requirement. The scheme management is self-funding and there will be opportunities to bid for funds for Hampshire projects that aim to reduce traffic congestion. Accordingly, with careful forward planning, it is possible that a proportion of the liability for costs for the County Council's own works could be negated, although this is not guaranteed.
12. As works promoters change practices to avoid disruption charging scheme charges it is likely that the year-on-year income from the disruption charging scheme will reduce. The impact will be a reduction in the surplus pot of funds to bid for. However, this will mean that the scheme will be achieving its core aim of reducing congestion and disruption. This has been the case with neighbouring authorities who have had a lane rental scheme in place for some time.

Performance

13. It is likely that the County Council will need increased staff resources to be able to meet the requirement to monitor compliance. Costs incurred for additional staff will be cost recoverable against the disruption charging scheme.
14. To measure the benefits and impacts of a disruption charging scheme, a number of measures will need to be introduced and reported to the DfT on an annual basis. An indicative list of performance measures is listed below that will need to be implemented as part of the scheme:
 - to measure the reduction in occupation time of the highway network selected as part of the scheme
 - to measure the reduction in peak period activity durations
 - to measure the increase to off peak working on the highway network selected as part of the scheme
 - to measure the reduction in immediate work durations
 - to measure the increase in collaborative or joint working on sites.

Consultation and Equalities

15. A formal consultation is a requirement of developing a disruption charging scheme once a draft scheme has been developed. It is anticipated that a draft scheme will be available for consultation in late spring or summer 2025. The consultation will be carried out in accordance with the DfT requirements for the development of a disruption charging scheme.
16. As the decision sought at this stage is to note the progress on the project and the estimated timeline for the development of a draft scheme, it is assessed to have a neutral impact on groups with protected characteristics.

Climate Change Impact Assessments

17. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
18. The climate change tools are not considered directly applicable to this report as the purpose of a disruption charging scheme is to reduce the duration of roadworks on the busiest sections of the road network, which will reduce disruption and lower carbon emissions. The report is for information and provides an overview of the proposed implementation of a disruption charging scheme for strategic elements of the highway maintained by the County Council. It is not anticipated that these proposals will have a direct impact on climate change, though they should lower overall vehicle emissions.

Other Key Issues

19. The previous government instigated a sector wide consultation on charges for utility works under NRSWA and disruption charging (lane rental) schemes. Part of this consultation suggested that at least 50% of the disruption charging funding pot could be utilised by local highway authorities to undertake more highway maintenance. On 20 December 2024 the current government confirmed that it will proceed with this proposal that will also include doubling the level of fixed penalty notices that can be issued for 5 street works offences and allowing overrun charges to apply at weekends and bank holidays.
20. This welcome change will be subject to revised secondary legislation and the government has indicated it plans to lay regulations that will make the necessary changes to come into force in Summer 2025.

Timelines/Next Steps

21. A consultant, Open Road Associates (ORA) was appointed by the County Council in April 2024 to develop a proposal for a Hampshire disruption charging scheme. ORA has developed several other schemes locally, including one for Surrey County Council. They also have regular meetings with the DfT, other works promoters and local authorities. Southampton City Council has also employed ORA to develop its disruption charging scheme. The County Council is sharing its disruption charging scheme development with neighbouring authorities to ensure cross border continuity of schemes. Sharing data also ensures that good practice can be deployed, and development costs reduced.
22. As part of the scheme development the existing 'Traffic Sensitive' street network will need to be reviewed and amended to ensure that all streets in the proposed disruption charging scheme network are categorised as traffic sensitive. Non-traffic sensitive streets cannot be considered for inclusion in a disruption charging network.

23. ORA will look at all relevant data to assess the existing permit scheme, provide a cost benefit analysis (CBA) which must be submitted to DfT alongside a bid, and they will develop a proposed network of streets suitable for disruption charging based on strategic importance and congestion. It is likely that the CBA and draft scheme will be available by May 2025.
24. The intention is to bring a further paper to the relevant Executive Member at that point to include the draft scheme. The next phase would be to consult with all works promoters and other statutory consultees. Once the responses are collated the final scheme can be developed. If this is approved by the Executive Member the County Council would then seek formal approval from the DfT to implement the scheme. The government has provided a timeline for such assessments, and it is likely that the County Council's proposed scheme would be submitted to the DfT in the Autumn of 2025, with a view to going live in April 2026, assuming the DfT approval is achieved. Formal approval to implement the scheme would be sought from the relevant Executive Member prior to implementation.
25. An initial draft network based on a proportion of the existing traffic sensitive street network, known strategic routes, and local knowledge of regular congestion is attached as Appendix A. This network includes approximately 13% of the Hampshire network and therefore additional evidence may be needed to validate the additional 3%. Alternatively, the network may need to be reduced to achieve the DfT's proposed maximum of 10% of the network. The indicative network must not be construed as the final network. Rather, it is an estimate of the likely network, which can only be confirmed following full data analysis.

Conclusions

26. Highway Authorities who already operate a disruption charging scheme have reported reduced congestion as a result of their schemes, so it is clear they are effective in driving improved performance. However, the implementation of a disruption charging scheme is likely to have a significant impact on works coordination and funding. Accordingly, any Hampshire scheme will need to be carefully developed to maximise efficiency, reduce congestion and minimise any financial risk to County Council budgets. The ability to retain 50% of the surplus funding from the scheme for highway maintenance purposes is welcome news and this will help to sustain a serviceable local network.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

As the decision sought at this stage is to note the progress on the project and the estimated timeline for the development of a draft scheme, it is assessed to have a neutral impact on groups with protected characteristics.