

# Lane rental scheme: funding road infrastructure by reducing the time limitations of roadworks

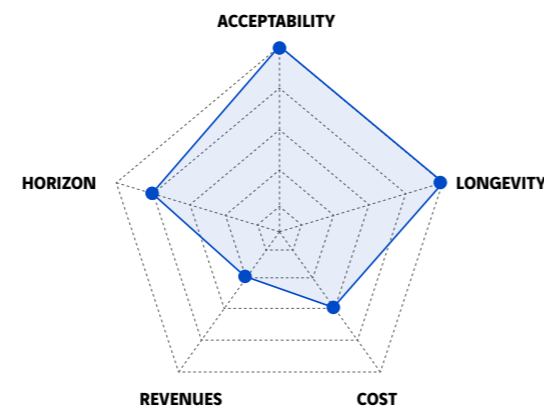
Road infrastructure maintenance is essential if network performance is to be preserved. It requires regular interventions by public works companies. However, these roadworks also vehicle negative externalities which may prove to be expensive to users (longer journey times) and may put a strain on cities' attractiveness.

## → RENTALS TO REDUCE THE NEGATIVE EXTERNALITIES CAUSED BY ROADWORKS...

In 1991, the UK New Roads and Street Works Act strove to offset these externalities. To achieve this, the government gave public authorities in charge of motorway management the option of making the companies in charge of maintenance operations pay overrun charges<sup>255</sup> in the event of an “unreasonably” prolonged occupation of the highway. In 2012, the first programme of its kind was tested in London: an additional charge, commonly known as “lane rental” is applied on a daily basis. Calculated according to the level of congestion in the area and the time, it applies to companies conducting works likely to disrupt traffic<sup>256</sup>.

The programme also enables public authorities to reduce the price of lane rental if companies working in different sectors (coatings, utility lines, gas, water, etc.) agree to conduct their work successfully over the same period. In this way, public authorities create an economic incentive with a view to preventing work on the same sections of road being conducted at different times. London has been operating its own lane rental scheme since 2012, through which the rate of companies working together on a single site has increased by 65% while the amount of work conducted at night has increased by 30%.

To ensure that the scheme is effective in the long term and to avoid potential adverse effects, the government has recommended that this type of additional charge should focus on the busiest sections of the road network and on peak times to encourage companies to reduce their occupation of these sections of road during peak demand. London has defined a price scale with amounts calculated according to congestion levels recorded on certain thoroughfares.



## → ... TO MAINTAIN AND PROMOTE INNOVATION ON THE ROAD NETWORK

Revenues from the lane rental scheme are used for two purposes. Firstly, they cover the programme’s administrative expenses, meaning that it is financially self-sufficient. Secondly, regulations require that net revenues are allocated to roadworks, be it financial provisions for future works or funding for innovations which reduce the negative externalities related to road traffic (noise barriers, road safety, etc.).

In London, the transportation authority Transport for London (TfL) is also in charge of maintaining and managing the TfL Road Network, also known as “red routes”. This 360-mile network accounts for 5% of London’s road infrastructure. In 2019, the lane rental scheme applied to 56% of this network. TfL announced that, since its introduction in 2002, the programme had prevented traffic jams and therefore non-productive time for a total estimated cost of £100 million. In 2019, TfL reinvested roughly £6.1 million from lane rental scheme revenues in the road network. Out of this amount, around £350,000 were invested in the RoadLab, an innovation centre devoted to developing solutions to make road networks smarter and safer<sup>257</sup>. While the lane rental system only accounts for a minority share in road infrastructure funding, it enables TfL to leverage a new resource, at a time when public funding for road networks is tending to decline.

## → DEVELOPMENTS UNDER CONSIDERATION SINCE THE SCHEME'S SUCCESS

In 2019, a proposal by TfL suggested extending this scheme so that charges would apply over a greater share of the red routes network (72%)<sup>258</sup>. The transportation authority also recommending applying a £350 daily additional charge for work on the busiest sections of road<sup>259</sup>, while significantly reducing the number of sites on which minimum rents are in practice.

London’s scheme has been emulated: in 2018, the UK Department of Transport announced its wish to extend lane rental schemes across the country, thereby giving other towns and cities the option of regulating the externalities caused by roadworks and, in doing so, funding part of road maintenance costs and innovation.



→ READ THIS REPORT ON OUR WEBSITE BY SCANNING THIS QR CODE.

## Who pays?



## What scale of implementation?

