

Caroline Pidgeon AM, Chair of the Transport Committee

Lane Rental Consultation
Traffic Division
Department for Transport
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London Assembly
City Hall
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Dear Sir/Madam

Response to consultation on lane rental

I am writing, on behalf of the London Assembly's cross-party Transport Committee, to set out our response to the Government's consultation on proposals to allow local authorities to implement lane rental schemes. The issues raised in this response are also relevant to TfL's concurrent consultation on the proposed lane rental scheme for its road network (the TLRN). We are, therefore, sending a copy of this letter to TfL to treat as a response to its consultation.

Our response draws on our recent report *The Future of Road Congestion in London* (June 2011). In this report we set out some potential benefits and issues arising from TfL introducing a lane rental scheme in line with the Government's suggested principles i.e. a scheme that is targeted and avoidable. We recommended that TfL publish a plan outlining how such a scheme would operate. We, therefore, welcome both consultations and the opportunity to provide comments.

Whilst many of the issues raised in our report have been covered in the consultation documents, we remain concerned that some have yet to be fully addressed. These issues are set out below. They are relevant to the Government and TfL's consultation questions seeking general comments on the proposals (questions 16 and 14 respectively). They may also be relevant to some of the other, more detailed, consultation questions.

Utility companies may pass on the cost of lane rental schemes to customers

In our report, we queried the extent to which regulators would allow utility companies to pass the cost of any lane rental scheme on to their customers. We were concerned that the costs for companies doing the road works would simply be passed on to their customers, reducing the incentive for companies to innovate, and leading to higher utility bills.

We note that the Government is aware of this issue. We support its ongoing discussions with regulators which will help determine the precise extent to which costs might be passed on to customers.¹ We also support the provisions within the Government's draft guidance that will require authorities to take account of this matter. We welcome, for example, the proposal that when the Secretary of State for Transport assesses any application for a scheme, he/she will consider whether the authority has demonstrated that the scheme "can reasonably be expected to deliver benefits that justify the likely costs including the likely impact on utility bills."² We also welcome the suggestion

¹ DfT's impact assessment (<http://assets.dft.gov.uk/consultations/dft-2011-25/annexc.pdf>) p11-12

² DfT draft guidance on lane rental (<http://assets.dft.gov.uk/consultations/dft-2011-25/annexa.pdf>) p8

that any authority making an application to run a lane rental scheme will have to consult relevant regulatory authorities such as OFGEM, OFWAT and OFCOM.³

TfL has yet to demonstrate in detail that its scheme will justify the costs to customers. In its consultation documents, TfL reports the estimated cost to utility companies will be £12 million per year which, if fully supported by Londoners, would lead to a £3 increase in the average annual household bill. To off-set this increase, TfL simply states that it "anticipates much greater benefits in terms of congestion relief" which it "hopes will profit all Londoners." It goes on to say that "every Londoner, even if they do not drive, will benefit from more reliable bus journeys and cheaper retail prices. Distributional effects across income range are therefore assumed to be negligible."⁴ Although TfL anticipates many benefits, we are disappointed that it has not published any detailed quantitative and qualitative assessment to support this assumption.

The Committee proposes that:

- a) The Government considers the scope for further action to protect utility companies' customers from bearing excessive price rises as a result of lane rental schemes. This action might include: ensuring regulators have sufficient powers to control the extent to which costs are passed on to customers; and requiring authorities that propose schemes to provide specific information which demonstrates the benefits justify the likely costs for customers.**
- b) Before submitting a proposal for its lane rental scheme to government, TfL publishes a detailed quantitative and qualitative assessment of the anticipated benefits for all Londoners. This should demonstrate that the benefits justify the potential £3 increase in the average annual household utility bill.**

Lane rental schemes could cause disruption for residents and adversely affect some road users

We are concerned about the potential impact of lane rental schemes on residents. Many residents could be disturbed at night or at weekends as companies change their patterns for undertaking road works to avoid the 'chargeable' periods. There is also potential for a scheme to affect certain road users adversely such as pedestrians if companies make greater use of pavements during periods of work. These wider implications have not been addressed in detail in the Government's consultation documents but feature in TfL's information about its proposed scheme.

In its consultation documents, TfL states "some people living along the TLRN may lose out. They would bear the noise of evening and night works and could see an increase in traffic near their homes."⁵ TfL reports that there might be significant noise implications for 500,000 residents living within 100 metres of the areas covered by its scheme. It has estimated two million nights of sleep deprivation per year if companies doing the road works fail to finish their jobs by 11pm. TfL has set out some action that might mitigate this disruption but this often depends on other organisations. For example, TfL "anticipates London Borough environmental noise officers will allow works to take place until 11pm on a case-by-case basis, with the possibility to carry out the least noisy activities further into the night."⁶

³ DfT's draft guidance on lane rental (<http://assets.dft.gov.uk/consultations/dft-2011-25/annexa.pdf>) p16

⁴ TfL Lane Rental – Cost Benefit Analysis, p50-51

⁵ TfL Lane Rental – Cost Benefit Analysis, p51

⁶ TfL Lane Rental – Cost Benefit Analysis, p49

We are also concerned that TfL's consultation documents reveal a potentially detrimental impact on pedestrians and cyclists. TfL highlights that in the short term at least, its scheme will result in the occupation of pavements by companies doing the road works. They may use the pavements for the parking of vehicles and the storage of materials. As a consequence, TfL reports on "a high probability" of its scheme "detering walking."⁷ In relation to cyclists, TfL's consultation documents refer to a risk that the scheme will "allow an increased volume of traffic to flow on the TLRN, travelling at higher speeds, reducing the safety and attractiveness of cycling."⁸ TfL has reported that the impact on pedestrians might be mitigated, in part, by an increased level of inspections on pavements but has provided few other details.

The Committee proposes that:

- a) The Government includes more safeguards in its requirements for lane rental schemes to limit the potentially adverse effects on residents and road users such as pedestrians; and**
- b) Before submitting a proposal for its lane rental scheme to government, TfL publishes more details of the actions it will take to mitigate the potentially adverse effects on the 500,000 residents living nearby and on other road users such as pedestrians.**

Monitoring the impact of lane rental schemes

We share the Government's view that lane rental is not yet proven as a successful model for tackling disruption caused by road works. We agree that there remains "significant uncertainty surrounding the likely costs and benefits of lane rental schemes"⁹ and, as such, any schemes should first be trialled in one or two places.¹⁰ The results of these trials should then inform future proposals for lane rental.

The issues we highlight above show that it will be necessary to monitor any TfL lane rental trial closely to ensure that the scheme delivers benefits that justify the costs. It will be necessary to watch the scheme's impact on Londoners' utility bills, nearby residents and all road users including pedestrians, as well as on the level of disruption caused by road works. It will be important to ensure the scheme does not lead to a reduction in the quality and efficiency of the road works taking place on other roads in London. In its consultation documents, TfL sets out some proposals for monitoring the impact of its scheme. These mainly relate to the volume of works and the impact on road users such as motorists. For example, TfL intends to measure changes in journey times, journey time reliability and reduction in direct delay associated with road-works disruption. TfL has stated that should its scheme be implemented in 2012, it will publish an evaluation report in January 2014.

The Committee proposes that, before submitting a proposal for its lane rental scheme to government, TfL should identify and publish measures for assessing the wider impact on: Londoners' utility bills; nearby residents; and all road users including pedestrians and cyclists. TfL should also commit to publishing findings on the wider impact in its first evaluation report on the scheme which it expects to publish in January 2014.

Road works are one factor causing disruption on London's road network. A trial lane rental scheme might help to reduce this disruption but it could mean higher utility bills for Londoners. It is

⁷ TfL Lane Rental – Cost Benefit Analysis, p50

⁸ TfL Lane Rental – Cost Benefit Analysis, p50

⁹ DfT's impact assessment (<http://assets.dft.gov.uk/consultations/dft-2011-25/annexc.pdf>) p9

¹⁰ DfT draft guidance on lane rental (<http://assets.dft.gov.uk/consultations/dft-2011-25/annexa.pdf>) p5

important that, as far as possible, actions are taken to reduce this cost and mitigate other potentially adverse effects on nearby residents and road users such as pedestrians. It is also important that once any scheme is implemented these issues are monitored closely and details of the full impact published. From these results, it should be possible to make a detailed assessment of all the benefits and costs of lane rental and, as such, identify its long-term suitability as a measure for tackling road congestion.

We trust the issues we raise in this response will be considered during the consultations. We look forward to receiving the Government and TfL's responses in due course.

Yours sincerely



Caroline Pidgeon AM
Chair of the Transport Committee

cc: Garrett Emmerson, Chief Operating Officer – Surface Transport, TfL