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Highways and Transport Committee

18 September 2025

Development of a Lane Rental Scheme

Report of: Phil Cresswell, Executive Director of Place

Report Reference No: HTC/14/24-25

Ward(s) Affected: All

For Decision

Purpose of Report

- 1 To update the Committee on development of a Lane Rental Scheme (LRS) for Cheshire East Council (CEC) and seek approval for the proposed future approach.

Executive Summary

- 2 Lane Rental was enabled by the Traffic Management Act (2004). There are five schemes currently active in England.
- 3 An LRS enables local highway authorities to reduce street works disruption by incentivising undertakers through a charging mechanism. This encourages work on key and traffic-sensitive streets during quieter times, easing congestion. With appropriate development, the charging mechanism would enable the Council to cover its costs for the scheme.
- 4 The current Government supports the development of LRSs and has announced intentions to both encourage new schemes and expand the purpose for which authorities may use surplus income. As with any new statutory approach, best practice is evolving and with Government changes will continue to do so.
- 5 This decision recommends that CEC defers developing its LRS to take account of emerging practices and Government changes. This will allow the CEC LRS to be developed and tailored appropriately to local needs.

RECOMMENDATIONS

The Highways and Transport Committee is recommended to:

1. Approve the continued development of a Lane Rental Scheme Proposal, as set out in Appendix 1 to this report.

Background

- 6 Lane rental was introduced in the Traffic Management Act 2004 as an extension of Street Works Permits under the New Roads and Street Works Act (NRSWA) 1991. In summary, lane rental:
 - (a) Requires a successful application to the Secretary of State for Transport;
 - (b) Applies to the most traffic-sensitive and busiest areas of a Highway Authority's network – usually no more than 10% by length;
 - (c) Involves charging for permitted occupation of road space, with charges highest at the busiest times;
 - (d) Provides a lower cost alternative for working at the least busy times; and
 - (e) Runs alongside the existing Street Works Permit Scheme, which still applies to the rest of the network.
- 7 Lane rental is designed to encourage behavioural change of street works promoters, changing practices to ways of working that are less disruptive to traffic. The benefits are reduced impacts of traffic. Highway Authorities cannot operate schemes to generate income; any surplus revenue is used to support activities to mitigate the impact of street works.
- 8 The Government is encouraging the development of lane rental schemes, through:
 - (a) Proposing new approval powers;
 - (b) Expanding existing and encouraging new schemes; and
 - (c) Proposing changes to how surplus funds can be used by Highway Authorities, enabling them to allocate 50% or more to repairing roads.
 - (d) This is expected to result in changes in late 2025 or early 2026.
- 9 On 24 April 2024 the Committee approved that officers should:
 - (a) Finalise development of a LRS proposal;
 - (b) Conduct consultation upon the proposed scheme; and
 - (c) Present the proposed scheme (as developed following consultation) to this Committee for approval prior to applying to the Secretary of State.
- 10 Since then, officers have proceeded with reviewing and developing proposals:
 - (a) The proposed streets for the scheme have been identified and a proposal has been developed.
 - (b) A cost-benefit analysis has been undertaken on the proposal, together with a review of affordability and potential impact on the cost of the Council's own works to maintain and develop highway infrastructure.
 - (c) An initial consultation has been carried out on the proposal.
 - (d) The proposal has been reviewed against the latest (April 2025) Department for Transport (DfT) guidance.
- 11 Initial conclusions drawn from developing proposals so far are:
 - (a) Lane rental is still in its infancy, with only five operational schemes in London, Kent, West Sussex, East Sussex and Surrey. These authorities vary significantly from Cheshire East's network.

- (b) Under lane rental, a Highway Authority must treat its works and those of street works promoters equally. This may potentially adversely affect the Council's highway works, by increasing costs or reducing deliverables. Understanding the potential impact is crucial, particularly with additional levels of work being delivered under Local Transport Grant funding for 2025-2030.
 - (c) Even if approved by the Secretary of State, if the Council does not optimise its LRS proposals, this will create further adverse implications. Implementing effective proposals first time will save cost, time, resource and reputation.
 - (d) The Council must be realistic in its expectations of the time required to develop a LRS. Reviewing other authorities' schemes will also help Cheshire East benefit from emerging practices and adapt proposals before submission, avoiding later changes.
- 12 The recommendation from officers therefore is to undertake further work and continue to develop proposals with a view to applying to the Secretary of State at a later point. The proposed areas for further development are described in Appendix 1.
- 13 An outline timetable is set out in Appendix 1. The Committee will be updated on progress periodically and at key milestones.

Consultation and Engagement

- 14 Initial consultation has been conducted on the draft scheme proposals from April to June 2025. The Council does not propose to respond to the comments received in that consultation at this stage. Future LRS proposals will be reviewed against this consultation. Any material changes will be consulted upon as part of taking forward any future proposal.

Reasons for Recommendations

- 15 To ensure that the Council considers development of a LRS that is approved by the Secretary of State, is financially sustainable, achieves its objectives.

Other Options Considered

- 16 The Council is not required to implement a LRS scheme. The alternatives to continuing to develop proposals are:
- (a) Not to do so; or
 - (b) To apply as soon as possible.
- 17 There is no guarantee that a future application will be accepted. However, not applying would mean that the Council would not achieve the objectives and benefits of a scheme.

Option	Impact	Risk
Do nothing – not develop a Lane Rental Scheme	The benefits in paragraph 6 will not be realised. The Council would not use key tools to manage traffic, congestion, and pollution effectively.	This would avoid the Council's risks in operating an LRS but deliver none of the benefits: <ul style="list-style-type: none"> • Encouraging street works at quieter times • Generating surplus revenue to offset their impact in the borough.

Option	Impact	Risk
Apply as soon as possible	<p>Implementing a scheme that potentially:</p> <ul style="list-style-type: none"> • Has an adverse impact on the Council's capital investment in highway infrastructure; • Requires change; • Does not achieve the anticipated benefits. 	<p>The Council would risk that it would:</p> <ul style="list-style-type: none"> • Not be maximising the benefits of a LRS; • Reduce the benefits of the Council's capital investment; and / or • Incur delay or cost related to changing the scheme. • Lose reputation through implementing a sub-optimal scheme.

Implications and Comments

Monitoring Officer / Legal / Governance

- 18 There are no implications during scheme development. The Council's Street Works Permit (SWP) scheme will still apply to streets outside the LRS.
- 19 A future decision to apply to the Secretary of State would seek a Statutory Instrument under NRSWA, amended by the Transport Act 2000 and TMA 2004.
- 20 The Secretary of State may approve, modify, or reject the application. DfT aims to respond within 30 days.
- 21 If approved, it takes at least three months to complete the Order and a minimum period before implementation, which may overlap.

Section 151 Officer/Finance

- 22 This report provides an update on the development of the scheme.
- 23 Lane rental is a tool to manage and improve traffic, congestion and pollution. It is not a tool to generate revenue.
- 24 Surplus lane rental revenue can only be used for prescribed purposes, set out in the [guidance](#). In summary, these are reasonable costs to develop and operate the scheme or schemes to reduce adverse effects arising from street works.
- 25 The costs related to developing the proposal mainly involve staff time. Posts within the Council's Highways team and Cheshire East Highways (CEH) are funded through income from the existing Street Works Permit Scheme. CEH will incur additional costs for implementation, which will be considered in the affordability assessment when deciding whether to apply to the Secretary of State.

Human Resources

- 26 The LRS will be delivered through the Council's Highway Services Contract with CEH, managed by the client team in the Council's Highways service. The latter have already been recruited. Additional posts in CEH to operate a LRS will be introduced as part of implementation.

Risk Management

- 27 Continued development of proposals will reduce the risk in applying to the Secretary of State or implementing a future scheme.

Impact on other Committees

28 There is no anticipated impact on other Committees resulting from this decision.

Policy

29 This decision contributes to the priorities in the Council's Corporate Plan as follows:

30 Commitment 1: Unlocking prosperity for all	31 Commitment 2: Improving health and wellbeing	32 Commitment 3: An effective and enabling council
1.5 Communities connected through an improved, accessible rural and urban transport network including active travel 1.6 Carbon neutral council with minimum offset by 2030, influencing carbon reduction and green energy production across the borough by 2045	2.1 Health outcomes are improved across our diverse borough through a targeted approach that reduces health inequalities	3.1 Financially sustainable council, enabled by council-wide service transformation and improvement

Equality, Diversity and Inclusion

33 An Equality Impact Assessment is not required to develop a proposal. A future decision to apply to the Secretary of State will require an assessment. Proposals are likely to have beneficial impact, particularly for people with mobility impairments.

Other implications

34 There are no other implications as a result of this decision.

Consultation

Name of Consultee	Post held	Date sent	Date returned
<i>Statutory Officer (or deputy) :</i>			
Ashley Hughes	S151 Officer	21/07/25	25/07/25
Janet Witkowski	Acting Monitoring Officer	21/07/25	25/07/25
<i>Legal and Finance</i>			
James Thomas	Principal Planning & Highways Solicitor	11/07/25	16/07/25
Steve Reading	Finance Manager – Place and Corporate Services	11/07/25	21/07/25
<i>Other Consultees:</i>			
<i>Executive Directors/Directors</i>			
Phil Cresswell	Executive Director, Place	06/08/25	06/08/25
Tom Moody	Director of Infrastructure and Transport	04/07/25	11/07/25

Access to Information	
Contact Officer:	Domenic de Bechi, Head of Highways (Domenic.deBechi@CheshireEast.gov.uk)
Appendices:	Appendix 1 Further development
Background Papers:	Department for Transport: Lane Rental Schemes: Guidance for English Highway Authorities (3 April 2025)

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Further development

35 Continued development of the LRS proposal will include:

- (a) Further review proposals to:
 - (i) Calibrate the charging mechanism to optimise the benefits to the Council (through both charges and exemptions).
 - (ii) Avoid significant adverse impact on the Council's highway works.
 - (iii) Give incentive where possible for active travel and public transport.
 - (iv) Ensure that the proposals remain affordable.
- (b) Recruit staff to develop, implement and manage the scheme in both the Council and Cheshire East Highways (see paragraphs **Error! Reference source not found.** and 26 above).
- (c) Incorporate emerging changes by Government (see paragraph 7 above) and best practice / learning from newly approved schemes.
- (d) Benchmark the Council's proposals against other schemes.
- (e) Develop proposed governance for the scheme, including how surplus funds are used and how scheme evaluation will be undertaken.

Outline timetable

36 The timetable for developing proposals has certain parameters as follows:

- (a) Submission tranches. DfT is considering applications in two tranches annually: applications by 30 September responded to by the following January and applications by 31 March by the following July.
- (b) Newly approved schemes. Will follow from the approvals, initially in early 2026. The schemes will then be analysed and benchmarked against.
- (c) Government Changes. Anticipated in late 2025 or early 2026.

37 These factors practically mean that the Council should assess its readiness to apply in the Summer of 2026, provisionally aiming for the Autumn 2026 tranche. This is with the caveat that the proposal is sufficiently developed and is likely to be approved by the Secretary of State at that time.

Communication and updates

38 Members of the Highways and Transport Committee will be updated through the regular Highways service briefings and at key milestones in developing the scheme (as appropriate). The next briefing on the LRS development is expected to be in Spring 2026.

39 A decision to proceed with applying to the Secretary of State will be brought to this committee once it can be recommended by officers.