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Scotland Gas Networks

Submission to OFGEM for increase in Revenues due to additional costs incurred as a result of the implementation of the Transport for Scotland Act

June 2013

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1. Executive Summary

This submission demonstrates that during GDPCR1 we have experienced material increases in the costs of operating our Network as a result of the introduction of T(S)A. We have incorporated the feedback received on our submission in 2011 and believe this paper:

- clearly demonstrates that the GDPCR1 costs assessment process for Scotland only included allowances equivalent to those set in England;
- shows the T(S)A has significantly changed how we must conduct activity as an operator in the highway and effected the associated productivity, administration and management overheads;
- justifies the resulting costs incurred as efficient, that they are material and exceed the threshold set out in the licence conditions;
- permits Ofgem to determine an income adjusting event to enable recovery of these sums in GD1.

2. Introduction

The Transport (Scotland) Act (T(S)A) was enacted in August 2005 in order to improve the quality and co-ordination of road works in Scotland. The Scottish Government introduced the bill in response to increasing problems on Scotland's roads network caused by works which were inadequately co-ordinated (thus causing disruption and inconvenience to road users) or below specification.

The T(S)A tightened and made more effective the enforcement regime for road works offences. It also enhanced and improved the system for enforcing both current and new legislation on road works. The Act increased the level of some penalties and introduced new fixed penalties for other offences.

This step change in legislation has generated material incremental street work costs for our Gas Distribution Network. We have implemented robust and comprehensive processes in order to identify, collect and verify these incremental costs. These are outlined within section 8, Page 30 of this document.

At the time of the Formula Review 2008-2013, GDPCR1, the potential costs arising from the introduction of T(S)A were neither understood nor quantifiable. As a result no operating cost allowance was made. Instead OFGEM proposed that,

"…*where a licensee reasonably believes that a TMA income adjusting event (ITMA), has arisen as a result of reasonable costs incurred associated with any order or regulation made pursuant to part 3, or any provision of the New Roads and Streetworks Act 1991 amended by part 4 of the Traffic Management Act 2004, which has not been deemed by the Authority to be already included in the licensee's maximum Distribution Network Transportation Activity Revenue and where the cumulative costs have exceeded, in the period from 1 April 2008 up to and including 31 March of the relevant Formula Year, the sum of 1 per cent of the base revenue allowance, the licensee may, by notice to the Authority, propose a relevant adjustment to the ITMA term".*

Adhering to this provision we made a submission to Ofgem in June 2011 for increased costs incurred as a result of the implementation of the T(S)A. At that time Ofgem did not feel sufficient evidence was available to determine appropriate streetwork allowances and requested a further submission be made at the end of the GDPCR1 price control. They requested SGN gather further evidence to support the application and demonstrate how the application of the T(S)A created material incremental costs.

In this submission we explain the effects of T(S)A on our operational activities and provide evidence to substantiate a material increase in costs, supported by detailed analysis demonstrating how these costs have been efficiently incurred.

Our Network has incurred a significant increase in operational costs in Scotland since the T(S)A was introduced. The creation of the position of the Scottish Road Works Commissioner (SRWC) under the T(S)A is central to the change in both coordination and site practices by operational staff and has led to SGN incurring additional costs of £9.7m.

Under the TMA it is straightforward to demonstrate that the introduction of Permitry Schemes led to significant additional cost being incurred. In Scotland Permit schemes were not introduced as the newly created SRWC determined that the same outcome could be achieved through the T(S)A by using the Scottish Road Works Register (SRWR). While the mechanism in England differs to that of Scotland the impact on costs is the same, in areas such as:

- Extra administration and operational costs
- Additional FPNs.
- Increased Unproductive time

This submission shows that the additional expenditure is significant, extraordinary and has increased since the implementation of the T(S)A and, in particular, the appointment of the SRWC.

The role of the SRWC encompasses the duties carried out by the Traffic Managers in England and, through the SRWR, provides the functionalities of a Permitry Scheme, tightening the regulatory framework. This in turn gives Roads Authorities more power to co-ordinate, control and direct works, with stricter requirements for reinstating roads and new provisions on resurfacing roads.

We continue to disagree with Ofgem's opinion stated in the final decision document, published in December 2011, *'that a proportion of the costs for Scotland relate to components of the T(S)A which were already enacted in NRSWA and that these were considered and allowed for in the setting of the efficient costs for all companies in GDPCR1"*. In this submission we highlight why the legislation and practice in Scotland prior to the T(S)A was equivalent in scope and impact to England. See also section 4.

The level of Scotland's NRSWA costs which were included in our costs when setting the PCR allowances in GD1 is approximately £0.6m. From the historic annual reporting information which we have managed to gather on street work costs, this level of cost does not vary significantly from other Gas Distribution Networks (GDN)

The table below illustrates the NRSWA legislation which was in place in both Scotland and England, at the time the allowances were set. It clearly demonstrates that the majority of the legislation was the same, with the only difference being section 74 over stay charges.

Table A – comparison of NRSWA Legislation

New Roads & Street Works Act (NRWSA) Costs	
Prior to TMA in England	Prior to T(S)A in Scotland
NRSWA Defect Charges	NRSWA Defect Charges
NRSWA Inspection Charges	NRSWA Inspection Charges
Low level of traffic management drawings (Hand prepared)	Low level of traffic management drawings (Hand prepared)
Low level of s56 power of directions notifications	Low level of s115 power of directions notifications
Less Admin resource on NRSWA duties	Less Admin resource on NRSWA duties
Managers didn't attend co-ordination meeting	Managers attending co-ordination meetings
Less Court prosecutions	
Low level of coring costs by Highway Authorities	
s74 charges	

England and Scotland same

For this reason we believe that the allowances provided under GDPCR1 do not incorporate any of the additional costs experienced in the period 2008-2013 as a result of the T(S)A. Therefore we believe that OFGEM should determine the costs recorded in this submission as necessary and efficient and prescribe the appropriate recovery of these costs.

We have complied with Ofgem's comments within Appendix 2 of the TMA Notice of Decision, issued on December 2011, and have implemented a robust and well documented process in order to record quantitive evidence to support our position. These costs have gone through several internal audit processes before SGN decided to give notice to Ofgem.

The additional T(S)A costs included in this submission are in excess of the one percent of revenue threshold, £2.3m, as a direct result of the T(S)A legislation. The total incremental cost attributable to T(S)A legislation for the period 2008/09 to 2012/13 is £9.7m. See table B below.

We anticipate that implementation of the additional legislation and powers identified in Section 10, e.g. s74 charges, lane rentals, will result in significant further costs being incurred by during GD1. These future forecast costs in addition to the continued material costs identified in this paper will form the basis for a future Income Adjusting Event submission.

Table B –Actual Costs incurred due to T(S)A during GDPCR1

All Costs are in 2009/10 prices

	Actual Costs						
£m	2008/09	2009/10	2010/11	2011/12	2012/13	Total	Ref
Core Costs	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	
Fixed Penalty Notices	0	0.02	0.03	0.03	0.03	**0.10**	8.1
Scottish Road Register	0.10	0.10	0.10	0.11	0.10	**0.51**	8.2
Administration costs	0.28	0.20	0.20	0.28	0.23	**1.19**	8.3
Training Expenditure	0.08	0.11	0.08	0.00	0.00	**0.27**	8.4
IT Operations Expenditure	0.00	0.00	0.07	0.05	0.04	**0.16**	8.5
Management Expenditure	0.08	0.06	0.08	0.18	0.32	**0.72**	8.6
Other Operational Costs							
Working hrs - Extended - s115 notices	0.05	0.06	0.08	0.09	0.14	**0.42**	8.7.1
Working Hours - Restricted due to Ras	0.04	0.04	0.04	0.05	0.09	**0.26**	8.7.2
Hire of Vac Ex Machinery	0.00	0.11	0.11	0.11	0.29	**0.62**	8.7.3
Traffic Management Schemes	0.16	0.20	0.45	0.43	0.36	**1.60**	8.7.4
Special Signage requests	0.03	0.05	0.06	0.06	0.06	**0.26**	8.7.5
Temporary Traffic Orders	0.02	0.02	0.03	0.03	0.03	**0.13**	8.7.6
Traffic Modelling	0.00	0.00	0.02	0.02	0.03	**0.07**	8.7.7
Parking Bay Suspensions	0.00	0.00	0.02	0.02	0.02	**0.06**	8.7.8
Restrictions of work following road resurfacing	0.00	0.00	0.05	0.05	0.05	**0.15**	8.7.9
							8.7.10
							8.7.10
							8.7.11
Total Core TSA Costs per annum	**0.84**	**1.95**	**2.39**	**2.18**	**2.35**	**9.71**	
Cumulative TSA Costs	**0.84**	**2.79**	**5.18**	**7.36**	**9.71**	**9.71**	

Table B, above, shows our cumulative expenditure in the GDPCR1 period and that it now significantly exceeds the threshold value of £2.3m.

In order to distinguish the costs that have already been recovered through RAV or the Repex Incentive Mechanism, please refer to Appendix **A** which identifies the allocation of costs between Operating, Replacement (incentivised and non incentivised) and Capital Expenditure. The costs identified as Capital or Incentivised Repex, should be disregarded in any amendments to revenue, as a result of this claim.

3. Scottish Road Works Commissioner (SRWC)

The Scottish Road Works Commissioner (SRWC) role is an independent function established under Section 16 of the Transport (Scotland) Act T(S)A and is accountable to Ministers and the Scottish Parliament.

The stated purpose of the Office of the Commissioner is to oversee improvements to the planning, co-ordination and quality of road works in Scotland. The strategy developed and set out by the SRWC within the official SRWC website[2] is as follows:-

1. Ensure that all roads authorities and utility companies understand their responsibilities and promote compliance with legislation
2. To minimise congestion on Scotland's road networks due to road works
3. Develop robust indicators to measure the performance of utilities and highway authorities and minimise congestion due to road works in Scotland
4. Identify those organisations operating well and those operating poorly and to promote best practice across both the utility sector and highway authorities.
5. Ascertain the reasons why organisations operate well
6. Work with the poorly performing organisations to develop action plans for improvement
7. Where organisations continue to perform poorly and show little sign of attempting to improve, then consider the use of Commissioner penalties

The SRWC has the power to impose financial penalties on those utility companies who fail to comply with the objectives of the commission when undertaking road works.

Objectives of SRWC

The key objectives outlined by the Commissioner which are believed to be aligned to that which the public desire in relation to road works are:-

Shorter Works Periods – works should be continuous and take no longer to complete than is absolutely necessary.

Better Co-ordination of Works – guidance on distance between works should be adhered to. Care should be taken to ensure that there are no works on sensitive parallel routes or diversion routes.

Better Traffic Management – compliance with codes regarding the placing of signs, cones and barriers and more consideration of practical issues on, for example, traffic signal timing changes which might be required and how to cater for pedestrian movements.

Better Reinstatements – when roads are dug up they need to be refilled correctly with suitable compacted material and the running surface correctly replaced to provide a long lasting repair.

Below are examples of jobs where we have had to incorporate the above expected outcomes.

South Queensferry Road, Edinburgh

Queensferry Road, Edinburgh

Based on these objectives the Commissioner has produced 5 key questions which the monitoring of road works should aim to answer:

1. Are roads authorities coordinating the works on their roads?
2. Are utility companies cooperating with the roads authorities?
3. Are works taking too long to complete?
4. Is traffic management (signs, cones & barriers associated with road works) to an acceptable standard?
5. Are reinstatements (refilling and resurfacing of holes) in roads meeting the specification and ensuring the structural integrity of the roads?

Activity and Powers of the SRWC

For each of the five key questions above, indicators have been introduced to monitor performance. In response to these we have experienced a step change in performance within our business.

None of these indicators alone is used to determine the performance of either a roads authority or a utility company, however, when interpreted together they provide a good indication as to those organisations which are operating acceptably and those where there would appear to be room for improvement.

The Commissioner achieves compliance through the suite of indicators recorded by Utilities within the Scottish Road Works Register (SRWR). These Indicators

demonstrate how well undertakers manage and co-ordinate their works. A copy of these indicators up to quarter 2 of 2012/13 are within Appendix F

All Utilities and Highway Authorities are required to use the SRWR and performance reviews are conducted annually for every organisation using the register in Scotland. Where the SRWC considers that the performance of an organisation requires improvement in particular areas, then an improvement action plan must be submitted giving details of how these improvements will be made.

The use of performance reviews is one of the key methods used to promote compliance with legislation and good practice. As can be seen from the latest report, the performance of our network is benchmarked against the other utilities and we are recognised as one of the most efficient operating utilities. This best practice is achieved through investment in resources, training and management that we have put in place during GDPCR1.

We aim to remain compliant with the objectives set by the SRWC. The importance of this is also demonstrated through our Stakeholders and our customers' feedback.

We strive to achieve compliance by:

Coordination

- Coordination is achieved by communication via the SRWR and the Commissioner monitors this by continually reviewing KPIs from the register which measure a range of inputs by all members of the SRWR. These KPIs measure the following;
    - RWC1: Potential Noticing Offences (PNOs)
    - RWC2: Potential Registration Failures
    - RWC2b: Total Potential Noticing Failures
    - RWC2c: Categorised PNOs
    - RWC3: FPNs Issued for Roads (Scotland) Act (R(S)A) Offences
    - RWC4a: Total Urgent, Emergency, Remedial Dangerous, Notices
    - RWC 4b: Total Minor, Standard, Major, Works Notices
    - RWC6: Works Phases Overrun
    - RWC9a: Works Phases Commenced
    - RWC9b Works Phases Finished
    - RWC10: Early Late Starts
    - RWC12: Works Extensions

- RWC13: Undue Delay in Works (S125)
- RWC14: Interim Reinstatements Done
- RWC15: Average Time to Complete Works Phases
- RWC16: Works Phases Awaiting Closure
- RWC17a: Standard Notice Activity
- RWC17b: Inspection Activity
- RWC17c: Other Notice Activity
- RWC17d: Comment Activity
- RWC17e: Direction Notice Activity
- RWC18: Interim Reinstatements Due
- RWC19: Substandard Traffic Management
- RWC20: FPNs Status
- RWC22: Total Excavation Works References
- RWC23: Notices Issued

By inputting all notices to the register correctly and timely we fulfil our statutory duty. This in itself generates a significant proportion of the administrative burden under the T(S)A.

Coordination is achieved by a number of processes; correct and timely updating of the register is one of the methods of coordination as the register requires proposers to check for conflicts which may affect works as part of the updating process. Other methods employed to achieve good coordination involve communication with the Roads Authorities and other Utilities (RAUCs) either at Local and Area RAUCs meetings or directly via site meetings and telephone calls. In Scotland we continue to ensure that open channels of dialogue with Roads Authorities are maintained at all times.

Planning

- Effective planning is the key to successful coordination and hence satisfactory cooperation. Only by effectively planning works in advance, sharing and communicating the objects of the planning, and amending and restructuring the plan as new information becomes available, can the appropriate notices be posted correctly and on time. Our performance, measured by the KPIs listed above, is evidence of an effective planning process.

Management

- Management is the process of directing resources and effort to achieve the required goal. In respect off coordination and cooperation we achieve this by monitoring our performance against the outcomes measured by the KPIs above and ensuring that we have the necessary trained resource committed to achieving the goal of outstanding performance. This necessitates that we send experienced and competent representatives to Local and Area RAUC meetings; respond to queries and directions from and other utilities RAs accurately and timely; ensure that Notices and responses posted on the register are correct and timely, administered by competent trained staff.

Since 1 April 2008, the Commissioner has been the custodian of the SRWR. This function is responsible for ensuring that the SRWR is available and used effectively to plan and coordinate road works throughout Scotland. The effectiveness of the SRWR is reliant on the accuracy and completeness of the information it holds. As with any management information system, this necessitates inputting of accurate and timely data. The SRWR is no exception, with thousands of notices being input every week from planned future works through to current and historical works.

One further specific area of monitoring is the standard of road reinstatements carried out by utility companies. Due to a wide range of reinstatement standards historically, the quality of reinstatements has become an important area that the Commissioner monitors and is continually seeking improvement in.

The Commissioner made the following statement in relation to the coring programme in the Annual Report for 2010/11

"*The latest National Coring Programme commenced in the autumn of 2010 and the results are due to be published in July 2011. I will carefully review these results to see if the step change improvement which I have been seeking has been achieved. I will also publish a separate report on this issue once the results have been finalised and I have had an opportunity to consider the findings in detail. If the step change being sought has not been achieved then I will have to consider the use of my powers to impose penalties up to a maximum of £50,000."*

There have been recent cases where utility companies have been fined the maximum of £50,000 for poor reinstatement.

4. Background and Scottish Road Works and Community Structure

The New Roads and Street Works Act 1991 (NRSWA) replaced the Public Utilities Street Works Act 1950 (PUSWA). These acts formed the legislative framework for the coordination of street works in England, Northern Ireland, and Wales and road works in Scotland, until the introduction of the Transport (Scotland) Act 2001.

Apart from a few minor legal (terminology) differences e.g. 'roads' in Scotland, 'streets' in England and Wales, there were no material differences in the way that the legislation was applied and administered by the nationalised utilities across the United Kingdom.

The enactment of Section 74 in England and Wales was not introduced in Scotland. The proposed equivalent Section 133 in Scotland was never enacted. From historical information the level of Section 74 costs incurred by other DNs would not have had a substantial effect on the initial allowances given in this current PCR.

The list in Appendix **B** contrasts the parts of the NRSWA that applied to street works Part III in England and Wales and Part IV in Scotland. This shows that each contained identical provisions and only minor variations in the application of these provisions. The financial and logistical resources required to comply with this Act, are the same across England, Wales and Scotland. Previous price control settlements have been based on comparable NRSWA requirements (apart from s74 charges) and therefore similar cost bases. To the extent that the T(S)A changes this position SGN is therefore exposed to new, incremental costs.

To assist Ofgem's understanding of the Scottish Road Works Community, Appendix **C** highlights the relationships between the relevant bodies which operate within the Scottish Road Works Community.

5. Scottish Road Works Register (SRWR)

Since April 2008 it has been the statutory responsibility of the Commissioner to keep a register and to ensure that it is available to the Scottish road works community. The Scottish Road Works Register (SRWR) is a central computerised database system for the electronic transfer, retention and management of road works data utilising internet access.

Roads authority and utility companies operating in Scotland have access to SRWR and it is a statutory requirement for them to enter details of their road works, from the advance planning stage through to completion, for every road that they are planning on carrying out road works on. Over the 5 years of the GDPCR1 we have issued over 180,000 notices which have been carefully logged within the SRWR. Prior to T(S)A, this only applied to primary routes.

The 3 main reasons for having the SRWR are :

- A central tool for roads authorities and utility companies to assist in the planning and co-ordination of works on Scottish roads;
- A source of data for Indicators to determine performance in relation to works on Scottish roads; and
- An accurate source of information regarding future, ongoing and past works on Scottish roads.

The SRWR provides similar controls for Highway Authorities to coordinate and control street works activities to the Permitry Schemes used in England and as a result it was felt that the introduction of Permitry Schemes in Scotland was unnecessary.

The Scottish Roads Commissioner is the “keeper” of the SRWR; however the system is provided and managed by a consortium of Susiephone Ltd and the SRWR Management Group. The cost of running the SRWR is distributed between all utility companies, and is based on the number of notices issued in the previous financial year.

6. Transport (Scotland) Act 2005 (T(S)A)

The Transport (Scotland) Act 2005 (T(S)A), increased the regulatory framework that controls street works on the Roads in Scotland. Roads Authorities now have significantly greater powers, under section 155 notices, to co-ordinate, control and direct street works. The ultimate aim is to reduce traffic congestion for all road users and protect the structural integrity of the road through the introduction of stricter requirements for reinstating roads and new provisions on resurfacing roads.

The T(S)A was initially enacted in August 2005, with secondary legislation progressively enacted in various tranches from April 2007 onwards. These legislative changes have and will continue to result in significant additional operational costs for our Network. The costs we have incurred to date have been reported in Template 2.13 of each year's Annual Regulatory Reporting Pack (RRP). The impact and costs are outlined in section 8.0, which follows.

7. Principle Areas of Impact under T(S)A

Part 2 of T(S)A creates and defines the role of the Scottish Road Works Commissioner and imposes a duty on all road authorities and undertakers to supply such information as the Commissioner requires to perform his duties and to enter such information regarding road works on the SRWR as may be prescribed. The Commissioner reports directly to the Scottish Ministers, with the following functions:

(a) Monitoring the carrying out of works in roads in Scotland;

(b) Promoting compliance with the 1991 Act and obligations imposed under it;

(c) Promoting the pursuit of good practice by those persons who have functions conferred on or permissions granted to them by or under that Act.

Part 2 of the T(S)A has had a significant impact on the operational practices of our network operations and has driven significant additional costs into the business. This is equivalent to Parts 2 & 4 of the TMA in England and Wales.

The appointment of the SRWC caused a step change in the way that street works are controlled and administered by Road Authorities for Utility Companies working on the Public Highway. Street works procedures that have not previously been enforced by Road Authorities have become normal practice as a result of fines/penalties being enforced by the Road Commissioner.

As a result of the changes we have, since the introduction of T(S)A in April 2008, incurred additional costs in all of the following areas:

- Submission of detailed Traffic Management Plans (CAD drawings) prior to agreeing to Opening Notices;
- Enhanced Traffic Management requirements, special signage requests, and requests for electronic variable message (VMS) signs and increased Traffic Orders;
- Noticing of projects on an individual street basis complete with grid references
- Refusal of early starts before previous planned works or other Utility works completed, causing poor;
- Section115 directions – Work restrictions, extended or restricted working hours;
- Increase numbers of Section 117 Notices issued; and
- Increased Local Authority charges for temporary suspension of Parking Bays

T(S)A has also brought the following changes to street works:-

- An increase in the maximum fine to level 4 or 5 for each offence under the new Roads and Street Works Act;
- The addition of Fixed Penalty Notices given the ability of a works promoter to discharge their liability for prosecution by paying a fixed charge on a number of NRSWA offences;
- Longer advanced notification of street works;
- Amendments to section 115 which give the highway authority the ability to direct the timing of street works;
- Addition of section 115A, which gives the highway authority the power to give directions on the placing of apparatus;
- An increase in the timescales for restrictions in section 117 following road works; and
- The amendment of section 131 for advanced notification for remedial works relating to reinstatement.

8. Financial Impact on SGN

The comparison made in section 1, page 6 Table A, of streetworks legislation pre - T(S)A and the explanations provided in this submission demonstrate that the T(S)A represents a step change in streetworks legislation in Scotland which in turn result in material incremental rises in costs for the network. The implementation of T(S)A has resulted in significant additional costs in the following areas:

1) Fixed Penalty notices;
2) Compulsory use of Scottish Roads Register;
3) Administration/Training & IT running costs;
4) Management costs; and
5) Other operational costs:-
    a) Extended working hours
    b) Restricted hours and day-works
    c) Traffic Management Schemes
    d) Traffic management Plans
    e) Special signage
    f) Temporary Traffic Orders
    g) Traffic Modelling
    h) Parking Bay Suspensions
    i) Restrictions of Work (Road surfacing)

In addition to the incremental operational costs, a general reduction in production rates associated with gas mains replacement activities has occurred. This is due to co-ordination issues with other utility company works, timing directives or section 115 notices issued relating to certain sections of our planned works. When each project is placed on hold, productivity is lost for demobilisation and clearing sites and further cost are incurred with remobilisation. We have been issued a total of 70 section 115 notices per annum on average over the past 4 years, all of which have had an associated negative impact on productivity. (Please refer to Appendix **D**).

8.1. Fixed penalty notices costs – Costs to 2012/13 £100k

The Fixed Penalty Notice Scheme (FPN) was introduced during 2009/10. Road Authorities are able to issue FPNs for the following offences.

Section 113 Failure to provide Advance Notification of Works.
Section 114 Starting work without notice, or before proposed start date.
Section 116 Failure to send a notice within 2 hours of starting emergency works.
Section 129 Failure to send a works closed notice by the end of the next work day following completion or failure to make interim reinstatement permanent within 6 months notice.

The maximum penalty is £120 and a discounted amount of £80 applies if payment is made within 29 calendar days. By resourcing, training and equipping our network operation to effectively plan for and manage works within the highway, we are able to ensure that FPN payments are minimised and where failures occur all payments are made within 29 days at the lower rate.

To avoid all potential FPNs we would have to incur an excessive amount of additional costs in terms of management, supervision, administration and support on site. It is not efficient or justifiable to function in such a way, and therefore a reasonable level of FPNs should be expected. In the TMA Re-Opener Consultation in June 2011, Ofgem allowed a level of notification and inspection penalties based on benchmark performance.

Table C below highlights the number of FPNs issued to our Network over the past 5 calendar years. We have been issued a total of 2,418, but by reference to our careful planning and records, we have reviewed and challenged many of these and only accepted and paid 1,441. The process of challenging these FPNs involves managers' time, all of which has been recorded and included within the management time cost within Table B.

Table C – Fixed penalty notices issued and paid

	Actual Costs £M				
	2008/09	2009/10	2010/11	2011/12	2012/13
FPN Costs	0	0.02	0.03	0.03	0.03
Cumulative FPN Costs	0	0.02	0.05	0.08	0.10

Accepted = 1441 Issued = 2418

Roads Authority	2008-09	2009-10	2010-11	2011-12	2012-13	Total per Authority
Aberdeenshire	0	5	9	6	16	36
Angus	0	0	0	0	0	0
Argyll & Bute	0	5	35	2	0	42
City of Aberdeen	0	0	0	0	14	14
City of Edinburgh	0	23	44	26	29	122
Clackmannanshire	0	0	0	0	0	0
Dumfries and Galloway	0	0	0	0	0	0
Dundee City	0	0	0	5	33	38
East Ayrshire	0	0	4	4	1	9
East Dunbartonshire	0	0	6	6	2	14
East Lothian	0	1	2	0	0	3
East Renfrewshire	0	0	0	0	0	0
Falkirk	4	20	27	19	38	108
Fife	0	0	0	0	37	37
Glasgow City	0	0	0	10	39	49
Highland	3	23	13	7	16	62
Inverclyde	0	2	4	3	2	11
Midlothian	0	0	0	0	2	2
Moray	0	0	0	0	0	0
North Ayrshire	0	4	12	6	8	30
North Lanarkshire	0	0	0	18	52	70
Perth & Kinross	0	0	0	0	0	0
Renfrewshire	0	0	0	0	0	0
Scottish Borders	0	0	0	3	6	9
South Ayrshire	0	0	0	0	0	0
South Lanarkshire	0	148	136	141	124	549
Stirling	0	0	33	11	4	48
Transport Scotland	0	0	3	0	0	3
West Dunbartonshire	0	0	0	0	0	0
West Lothian	4	42	28	64	47	185
Total	11	273	356	331	470	1441
No. Authorities Issuing FPNs	3	10	14	16	18	

8.2. Compulsory use of Scottish Road Works Register – cost to 2012/13 £510k

This cost covers the use of the register and a standard charge for each notice posted on the system. The total cost is derived from the previous year's usage as determined by the register. Under the T(S)A this is a mandatory charge.

Table D: Summary of Scottish Road Works Register Costs

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
SRWR Costs	0.10	0.10	0.10	0.11	0.10
Cumulative SRWR Costs	0.10	0.20	0.30	0.41	0.51

8.3. Administration Costs – cost to 2012/13 £1.19m

As the T(S)A was rolled-out additional administration resources (9 FTEs) were required by each of our operational depots (approx 1.5 FTE per depot) to ensure ongoing compliance with the new legislation. As more Road Authorities (RAs) enforce the T(S)A FPN scheme the administration resource levels will need to increase in order to successfully manage these increased workloads. No future costs are included in this submission.

The additional duties undertaken by the Administration resource are:-

- Noticing/ Amendments/Extension requests
- Coordinating Site Meetings/Planning Meetings
- Arranging various Planning & advanced notification Letters
- Validation of FPNs charges
- Maintaining Work schedules/planning programmes

Incurring these costs allows our business to comply with the requirements of the T(S)A and, as highlighted in section 7.1, enables mitigation of penalties through close working with local Road Authorities.

Initial administrative costs incurred in 2008/09 could be reduced in subsequent years as the learning and embedding of processes enabled an improvement in efficiency. Later increases in the number of authorities enforcing the FPN scheme has necessitated increased administrative expenditure. We continually seek to minimise this cost and therefore have been able to improve processes further in 2012/13.

Prior to the T(S)A, administration personnel, were only involved in issuing the notices. The subsequent significant expansion in administrative duties represents a material increase in costs not allowed under GDPCR1.

Table E: Summary of T(S)A Administration Costs

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Administration costs	0.28	0.20	0.20	0.28	0.23
Cumulative Administration Costs	0.28	0.48	0.68	0.96	1.19

8.4. Training Costs – cost to 2012/13 £270k

In order to ensure the requirements of the T(S)A were implemented effectively, and that staff and management were competent to deliver the requirements of T(S)A and the ever more stringent administration of the Streetworks by the Roads Commissioner, a variety of training solutions were developed and rolled-out across our operational functions.

The training costs captured represent the incremental cost of delivering the training. (i.e. industrial/staff time, materials, cost of delivering the training.)

Due to forthcoming changes in codes of practices, reinstatement policies and competency requirements for supervisors and operatives working on the roads, training costs will increase during GD1 and form part of forecast future T(S)A submissions.

As Road Authorities have adopted the powers afforded under the T(S)A our training programme has rolled been out across our network.

Table F: Summary of T(S)A Training Costs

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Training Costs	0.08	0.11	0.08	0.00	0.00
Cumulative Training Costs	0.08	0.19	0.27	0.27	0.27

8.5. IT Costs – cost to 2012/13 £160k

One of the key requirements of the T(S)A is that we communicate effectively with Road Authorities. In addition to managing internal performance efficiently it has been necessary to develop new IT systems and enhance existing infrastructure. (Eton 5, CLEARMAN and MAXIMO).

As these systems are companywide, a proportion of these costs have been allocated to our Scotland Network and to the Southern Network. Now that the IT packages have been updated, the only remaining IT costs are the support staff costs of maintaining these systems. These costs of £160k have been included in Table B.

Within the Southern Gas Networks TMA submission in 2011 this incremental cost was identified and allowed by Ofgem.

Table G: Summary of T(SA) IT Operating Costs

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
IT Operating Costs	0.00	0.00	0.07	0.05	0.04
Cumulative IT Operating Costs	0.00	0.00	0.07	0.12	0.16

8.6. Management Costs – cost to 2012/13 £720k

In order to manage T(S)A related activities effectively and minimise the cost and impact on our business and our Stakeholders, it has been necessary to incur additional management costs. Initially this expenditure was in the form of a project implementation team consisting of 2 FTEs and was set-up in 2007/8 to enable successful implementation of the T(S)A. The costs for this initial year do not form part of this submission. Expenditure incurred since is included within the costs outlined below.

In order to liaise with Road Authorities, keep abreast of T(S)A initiatives and legislation and to advise on compliance with regulatory guidelines, we have appointed a specialist Street Works Manager. This manager and his team work closely with the SRWC to understand the requirements of the annual performance review and implement the necessary amendments to ensure full compliance with the T(S)A.

We have shown our commitment to the Road Work Community in Scotland, through regular attendance at Local, Area and National RAUC forums, and have chaired all the Area and the National RAUC's at some time. We are also actively involved in the development of the policy and procedure necessary to support the successful cooperation and coordination that allows the common aim of reducing disruption and delay associated with utility and authority works on the Scotland road network. This effort and involvement is evident in the continued frontier performance we achieve each year amongst Utilities and Local Authorities across Scotland.

In addition to the above, each of our 6 Scotland depots have a works planner, responsible for co-ordinating all projects and liaising with the local Road Authority inspectors to meet the enhanced requirements of theT(S)A.

During 2012/13, we experienced a substantial increase in the amount of management time spent dealing with local Road Authorities. Due to new consultations and legislation there has been an increase in the number of meetings with the Road Works Commissioner and other street work bodies during the year. We have also brought in house some street work activities which has resulted in higher management time being incurred during 2012/13 with a mitigation in operational costs arising from T(S)A impact.

Table H: Summary of T(SA) Management Costs

	Actual Costs				
	2008/09	2009/10	2010/11	2011/12	2012/13
Management Costs	0.08	0.06	0.08	0.18	0.32
Cumulative Management Costs	0.08	0.14	0.22	0.40	0.72

8.7. Other Operational Costs – cost to 2012/13 £6.76m

The T(S)A created the role of the SRWC who, in turn, has specific objectives within their function. Principally, they are required to monitor the coordination, quality and timeliness of all road works.

In order to comply with these requirements the roads authorities, and in particular Local Roads Inspectors, have enforced enhanced traffic management systems and out of hours working to minimise disruption to road users. The impact of these additional requests has increased our operational costs when carrying out street works.

8.7.1. Extended Working Hours on Site

Traditionally we have carried out planned replacement work during normal working hours (Monday to Friday) with limited non-core hours worked.

In order to minimise the time our operational teams spend on the road and to minimise disruption, we are now regularly directed to work either outside core hours, or work extended hours on replacement projects. These directions for extended working are made by local Roads Inspectors at co-ordination or site meetings. Not withstanding a small reduction in 2012/13 of section 155 notices, being issued to our business, RAs who have not historical issued section 155 notices have started to believe that this will continue in the future. Please refer to Appendix D.

Working outside normal hours results in a considerable increase to wage costs due to overtime and premium rates of pay, and enforced periods of rest as a result of overnight working. There is also an increasing trend on busy commuter routes to instruct our operations towards working in school holidays when traffic flows are low.

The cost of extended working hours up to 2012/13 was £420k

Table I: Summary of Extended working hours

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Extended Working Hours	0.05	0.06	0.08	0.09	0.14
Cumulative Extended Wrkg Hours	0.05	0.11	0.19	0.28	0.42

8.7.2. Restricted Working

Productivity is often severely affected by the Roads Authority restricting working hours or requesting additional resources to be maintained throughout certain times of the day or sometimes throughout the 'life' of the site, second team on site does not double productivity and often has to be paid using additional day work rates rather than normal contract schedule rates.

An increasingly common request is for additional labour to attend site to specifically manually control temporary traffic signals either during peak traffic hours or less frequently at all times. These costs have also been captured in the T(S)A templates. In addition, site productivity is often severely affected as a direct result of constrained working areas, specified storage areas or restricted lengths between temporary traffic signals being imposed on us by the RA. The RA may request our operational managers to close jobs down for busy periods, such as the lead-up to Christmas and New Year or local festivals and special events.

The costs of restricted working hours up to 2012/13 are £260k.

Table J: Summary of restricted working hours

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Restricted Working Hours	0.04	0.04	0.04	0.05	0.09
Cumulative Restricted Working Hrs	0.04	0.08	0.12	0.17	0.26

8.7.3. Vac Exc Charges

Due to the increased pressure to maintain and improve our activity in the highway enforced by the T(S)A and the SRWC, targeting shorter works periods, smaller excavations, less disruption and better reinstatement we have found it necessary to seek out new innovative ways of working to minimise the incremental costs would otherwise have. One such solution has been the use of Vac Exc machinery within traffic intensive areas of the network.

This technology, while not new, has been used successfully to:

- reduce the time to effect an excavation on our network;
- minimise the potential for interference with other buried assets and hence the need for further remedial works by third parties;
- limit the need for multiple vehicles using the site and the storage of spoil around the excavation.

Combined, these outcomes lead to a reduction in the time we spend in the road way and the potential for disruption to road users. In turn this limits the potential for delays in completion of jobs and an ability for the planned work to be accommodated within smaller windows of opportunity with Road Authorities.

The requirement to minimise over all costs in the GDPCR1 formula period justifies our investment into these types of machines for use across the Network.

The cost of Vac Exc Charges up to 2012/13 was £620k. These have been included as anti avoidance costs within the templates.

Table K: Summary of cost avoidance expenditure

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Vac Exc Hire Charges	0.00	0.11	0.11	0.11	0.29
Cumulative Vac Ex hire charges	0.00	0.11	0.22	0.33	0.62

8.7.4. Traffic Management Schemes

Since the implementation of T(S)A, and at the direction of the Local Roads Inspectors, the quality, scale and complexity of Traffic Management schemes have significantly increased. In addition, we can be directed to utilise third party specialists to design, set-up, manage and maintain Traffic Management Schemes (TMS) as approved by the local authority.

Example –Traffic Management Design to Accommodate a Replacement Project

Since the introduction of T(S)A ,the requirement to provide Traffic Management has become more formalised and now requires full CAD quality Traffic Management plans (an example is shown above). This process has increased the number of site meetings attended by our personnel with the road authority representatives and

traffic management specialist companies to produce more detailed professional plans before schemes are accepted and allowed to progress.

During 2012 we took the decision to bring much of this activity in house. There has been a corresponding reduction in the cost of carrying out this activity. We intend to try to expand this resource carrying out this activity, hence further reducing the costs of TMS going forward.

The cost of this activity up to 2012/13 was £1.6m.

Table L: Summary of Traffic Management Schemes

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Traffic Management Schemes	0.16	0.20	0.45	0.43	0.36
Cumulative TMS	0.16	0.36	0.81	1.24	1.60

8.7.5. Special Signage

As part of most Traffic Management schemes, Local Road Inspectors now request special advanced warning road signs to communicate forthcoming road works to road users. Increasingly, we are required to use specialist electronic variable message (VMS) signs on site. These are very expensive to hire or buy and are vulnerable to vandalism. The improved quality of Traffic Management schemes implemented as a result of the introduction of T(S)A now requires increasing numbers of special diversion & traffic direction signage which is non -standard and site specific. T(S)A also requires additional information signage for shoppers/local traders & businesses.

The volumes associated with this incremental activity are included within our accompanying templates.

The cost of special signage up to 2012/13 was £260k

Table M: Summary of Special Signage costs

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Special Signage	0.03	0.05	0.06	0.06	0.06
Cumulative Special Signage	0.03	0.08	0.14	0.20	0.26

Example of Specialist Variable Electronic Messaging

8.7.6. Temporary Traffic Orders

With the introduction of the T(S)A and subsequent increase in Road Authority powers ,the use of Temporary Traffic Regulation Orders (TTROs) have increased in frequency during GDPCR1. These powers are used when the RA determines roads or footways are to be closed temporarily; when parking controls or speed limits are to be introduced; reversal of one way roads and other changes to the use of the highway.

TTRO's are for limited periods of time and do not require a consultation period, Notice is given instead. Notice for works of 5 days duration or less involves authorised paper notices being posted at the closure location by the undertaking. This notice usually gives details of why, where, how long and any diversion routes that are being used. In emergency situations it is often not practicable to have notices posted before the road is closed. For planned TTRO's, depending on their impact, the undertaking must place an advert in the local press, as required by the legislation. This normally costs between £400 and £1,200 depending on which Council area the Order is required.

The cost associated with this activity up to 2012/13 was £130k.

Table N: Summary of Temporary Traffic Orders

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
TTO's	0.02	0.02	0.03	0.03	0.03
Cumulative TTOs	0.02	0.04	0.07	0.10	0.13

8.7.7. Traffic Modelling

Traffic Modelling is a generic term used to describe the process of analysing traffic flows in a roads network under varying parameters. Traffic Modelling is required when the proposed traffic management for a project is of a complex nature or in a position of extreme traffic sensitivity, such that it is difficult for the Council to predict the effect on traffic movement either through proposed diversionary routes, or through the roads network as a whole. Where traffic modelling is required it is almost solely limited to the major city centres and often associated with TTROs, (e.g. in Edinburgh or Glasgow city centres.)

In these circumstances the analysis must be carried out by a competent and skilled resource, usually an independent consultant or contractor, who has access to the relevant information and current traffic flow information to be able to provide the necessary analysis. This can be a time consuming and expensive process dependent on the scale of the project and the availability of the necessary traffic flow information.

The cost associated with this activity up to 2012/13 was £70k.

Table O: Summary of Traffic Modelling

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Traffic Modelling	0.00	0.00	0.02	0.02	0.03
Cumulative Traffic Modelling	0.00	0.00	0.02	0.04	0.07

8.7.8. Parking Bay Suspensions

When working in or around designated parking bays, we must contact the local RA and request suspension of the area for the duration of our works. The costs associated with these suspensions are £40 per occasion.

These charges only represent the suspension cost as the application of loss of revenue charges within Scotland was successfully challenged and the recharge by authorities not now permissible.

The expenditure associated with this activity up to 2012/13 was £60k.

Table P: Summary of Parking Bay suspensions

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Parking Bay Suspensions	0.00	0.00	0.02	0.02	0.02
Cumulative Parking Bay Suspension	0.00	0.00	0.02	0.04	0.06

8.7.9. Restrictions of Work following Road Resurfacing (s117)

There has been an escalation in the imposed embargo period following the introduction of the Section 117 notice. Initially a 1 year restriction from working in resurfaced areas was imposed by the Roads Authority. This period of embargo was increased to 3 years in March 2008 and has had an impact on the programming of our scheduled works (we either bring work forward so that work can be completed prior to road resurfacing or delay until the 3 year embargo period has elapsed).

There are occasions where additional reinstatement (full panel / half panel reinstatement) has been 'negotiated' to allow works to progress within period of prohibition.

The cost associated with this activity up to 2012/13 was £150k.

Table Q: Summary of Restrictions of Work following Road Resurfacings

	Actual Costs £m				
	2008/09	2009/10	2010/11	2011/12	2012/13
Restricted Works	0.00	0.00	0.05	0.05	0.05
Cumulative Restricted Works	0.00	0.00	0.05	0.10	0.15

9. Process for Collating Street Work Costs

The FPN charges are received directly from Authorities via the Street works Register, by the administration resource at each of the depots. Fixed Penalty Notices are then validated, challenged (where appropriate), verified by the nominated responsible manager and then paid by BACS transfer via finance department. Weekly FPN management information is issued under Director, Manager and process to allow focus in the appropriate areas to improve performance.

Administration resource levels working on T(S)A activities are collated and verified by a nominated business T(S)A representative. The Finance Manager ensures appropriate administration costs are allocated to T(S)A activities in the financial accounts, and at least every six months the business T(S)A representative reviews the nominated administration resource levels, and updates any changes where necessary.

'Other Operational T(S)A costs' are collected throughout the life cycle of all projects. The considered T(S)A costs with their description and project details are then transferred to a standard T(S)A template each month. Examples of these are in Appendix E. These are completed by the nominated construction managers/team manager, and authorised by the individual depot managers.

These templates are then submitted to a central T(S)A representative, who completes a summary T(S)A spreadsheet. The T(S)A representative along with finance audit and verified the submission.

A breakdown of Other operational costs are shown in Table B, section 1.

10. Future Street works Costs

Based on our experience of the T(S)A and working with the SWRC during GDPCR1, it is anticipated further changes to legislation will have a significant impact on our operational costs going forward into RIIOGD1. This will be a combination of the continuation of T(S)A activities which form the basis for this claim and for which no allowance was made in the GD1 final proposals, plus the introduction and expansion into new authorities of streetworks activity.

A consultation document was published in April 2013 in respect of street works in Scotland. As part of this consultation, the introduction of S133 (s74 TMA) Overstay Charges is being considered for implementation in Scotland. As these potential changes are still under consideration the quantum at this stage cannot be determined. Another major impact area of the consultation is Long Term Damage.

Other areas which are included in the current Strategic Consultation on works on Scottish Roads are:-

- Over Run Charges;
- Increased Inspections;
- Increased Guarantee Periods;
- Lane Rental Schemes;
- Permit Schemes;
- Additional FPN Schemes;
- Additional FPN Charges;and
- Increased Commissioner Penalties

There are also two new pieces of legislation that we are aware will be implemented within the next two years. These are:

October 2013 – Issue of new version of Specifications of Reinstatement of Openings and Roads

April 2014 – Rewrite of Safety Roads Works Code of Practise – The Roads Commissioner has indicated that they want two main issues of this (wind resistant

barriers and daily site inspections for unmanned sites), to be implemented in Scotland regardless of the outcome elsewhere in the UK.

All of the above will have an impact on our ongoing streetworks costs during RIIO GD1 and have not been included in this claim.

Appendix A – Allocation of Actual Costs Between Opex, Repex and Capex Expenditure

all in 2009/10 Prices

Allocation of Costs Between Opex, Repex and Capital Expenditure

£m	Actuals				
	2008/09	2009/10	2010/11	2011/12	2012/13
Opex	0.42	0.31	0.40	0.45	0.40
Incentivised Repex	0.26	1.40	1.64	1.58	1.75
Capex	0.13	0.13	0.16	0.05	0.05
Non Incentivised Repex	0.03	0.11	0.19	0.10	0.16
TOTAL	0.84	1.95	2.39	2.18	2.35

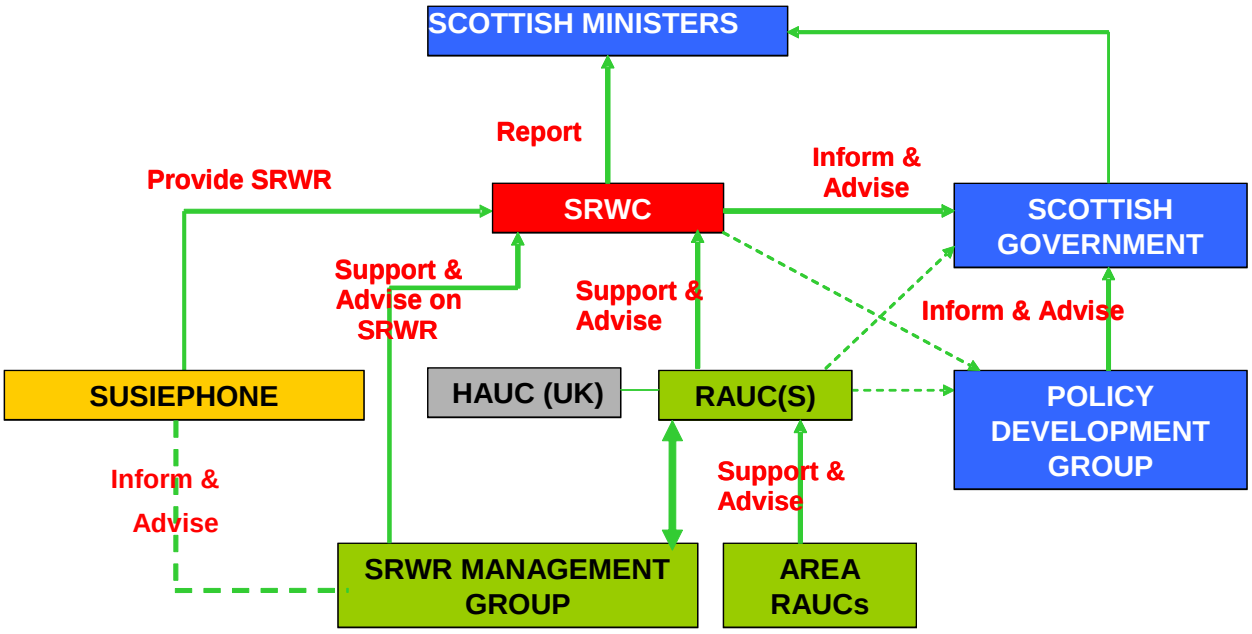
Appendix B – NRSWA Legislation in place at time of GDPCR1 Allowances were set

New Roads & Street Works Act (NRWSA) Costs	
Prior to TMA in England	Prior to TSA in Scotland
NRSWA Defect Charges	NRSWA Defect Charges
NRSWA Inspection Charges	NRSWA Inspection Charges
Low level of traffic management drawings (Hand prepared)	Low level of traffic management drawings (Hand prepared)
Low level of s56 power of directions notifications	Low level of s115 power of directions notifications
Less Admin resource on NRSWA duties	Less Admin resource on NRSWA duties
Managers didn't attend co-ordination meeting	Managers attending co-ordination meetings
Less Court prosecutions	
Low level of coring costs by Highway Authorities	
s74 charges	

England and Scotland same

Appendix C – Scottish Road Works Community and Structure

Whilst the road works authorities and the undertakers are the key players in the Scottish Road Works Community, there are a number of bodies in place which have a valuable role. The following diagram sets out the relationships between these bodies:-



Scottish Ministers: - are responsible for appointing the Commissioner and for the Scottish Government.

Scottish Government: - has the responsibility for the development and procurement of any new or amended legislation required.

Scottish Road Works Commissioner (SRWC): - is required each year to give the Scottish Ministers a report on the performance of his functions. Also advises, the Scottish Government on any requirements for new or amended legislation

Policy Development Group: - consists of representatives from RAUC(S), SCOTS (the Society of Chief Officers of Transportation in Scotland), NJUG (National Joint Utilities Group), and chair of the SRWR Management Group, Scottish Government

and the Commissioner. It has a remit to take a strategic overview of road works in Scotland and advises, particularly on the need for the development of new legislation or Codes of Practice.

Susiephone Ltd: - is a non profit making company, with board members drawn from road authorities and undertakers, which under an agreement with the Commissioner continue in the role of provider of the register.

Road Authorities and Utilities Committee of Scotland (RAUC(S)): - consists primarily of roads authorities and undertakers and exists to provide a forum for discussion and liaison between roads authorities and utilities with a view to improving the planning, co-ordination and quality of road works in Scotland, it also provides support and advice to the Commissioner towards the same goal.

Scottish Road Works Register Management Group: - assists the Commissioner (as keeper of the Register) in the development and day to day operational management of the Register.

Area RAUCs: - there are 4 Area RAUCs which support and advise RAUC(S).

UK Wide Organisations

Highways Authorities and Utilities Committee (UK) (HAUC(UK)): - is a UK group consisting primarily of highway authorities, undertakers and Department for Transport (DfT) and is a forum for matters of mutual interest in relation to street works

At 55,515km , the Scottish road network is a significant asset. Within it there are over 300,000km of electricity cables, gas pipes, water pipes, sewers and drains. In addition, there is estimated to be well over 100,000km of telecommunications cables.

Appendix D– Number of Council Directions Issued

Calendar Years

Council Directions (S115, S115A & S125)	2008	2009	2010	2011	2012
Aberdeenshire	0	0	0	0	2
Angus	0	0	0	0	0
Argyll & Bute	0	5	6	10	1
City of Aberdeen	0	0	0	6	0
City of Edinburgh	0	8	2	0	0
Clackmannanshire	0	1	5	0	1
Dumfries and Galloway	0	0	0	0	0
East Ayrshire	0	0	1	0	0
East Dunbartonshire	0	4	6	1	0
East Lothian	0	0	0	0	1
East Renfrewshire	0	0	0	0	0
Falkirk	0	0	3	3	9
Fife	0	5	1	0	0
Glasgow	0	0	0	0	0
Highland	0	0	0	0	0
Inverclyde	0	0	3	0	0
Midlothian	0	8	22	39	18
Moray	0	1	0	0	0
North Ayrshire	0	0	2	1	0
North Lanarkshire	0	1	0	3	1
Perth & Kinross	0	3	6	2	3
Renfrewshire	0	0	0	0	0
Scottish Borders	0	0	0	0	0
Scottish Government	0	0	0	0	0
South Ayrshire	0	0	0	0	0
South Lanarkshire	0	5	5	15	9
Stirling	0	6	4	0	22
West Dunbartonshire	0	1	1	0	0
Western Isles	0	0	0	0	0
West Lothian	0	1	3	11	13
Total	**0**	**49**	**70**	**91**	**80**

Appendix E – Examples of Templates

MONTHLY RETURN OF INCREMENTAL T(S)A COSTS

DEPARTMENT/DEPOT	HILLINGTON	Scotland Operations	MONTH OCT
VERIFIED BY:	Name	Signature	YEAR 2012

Section 115 costs

Project No. / Additional Costs Description	Local Authority notice reference	Direct labour hours x1 → x1½	Direct labour hours x1½ → x2	Direct labour hours x1 → x2	Contractor Costs Schedule number	Contractor Costs Value	Additional Reinstatement Costs £	Additional Staff Costs Pay No	Additional Staff Costs No Hours
BELLEVUE CRESCENT,AYR	1428288					£10,257			
Total		**0**	**0**	**0**		**£10,257**	**£0**		**0**

Fixed Penalty Notices

FPN Additional Admin Pay No	FPN Additional Admin No Hours	FPN Charges £	Other one-off costs £
Total	**0**	**£0**	**£0**

Other Admin Charges

Pay No	No Hours	£ Charges

Lost Productivity Due to Working Restrictions

Other Administration / Managers Costs

Name	Pay No	Function	Hours
		T(S)A Co-Coordinator	

Manager Costs Associated with RAUC Meetings

		Hillington	
		Glasgow	
		Coatbridge	
		Edinburgh	
		Dunfermline	
		Dundee	

Managers Costs Associated with Traffic Management Designs

		TM LEAD	2.0
Total			**2.0**

One-off costs

Description	Cost
TRAFFIC MANAGEMENT SIGNS	£981
TTRO	£650
Total	**£1,631**

Operational Staff attending site meetings

Name	Pay No	Hours	Cost

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MONTHLY RETURN OF INCREMENTAL T(S)A COSTS

DEPARTMENT/DEPOT	HILLINGTON	Scotland Operations	MONTH AUG
VERIFIED BY:	Name	Signature	YEAR 2012

Section 115 costs

Project No. / Additional Costs Description	Local Authority notice reference	Direct labour hours x1 → x1½	Direct labour hours x1½ → x2	Direct labour hours x1 → x2	Contractor Costs Schedule number	Contractor Costs Value	Additional Reinstatement Costs £	Additional Staff Costs Pay No	Additional Staff Costs No Hours
AYR ROAD, CUMNOCK	1400567					£26,941			

Fixed Penalty Notices

FPN Additional Admin Pay No	FPN Additional Admin No Hours	FPN Charges £	Other one-off costs £

Other Admin Charges

Pay No	No Hours	£ Charges

Lost Productivity Due to Working Restrictions

Total		**0**	**0**	**0**		**£26,941**	**£0**		**0**		**0**	**£0**	**£0**

Other Administration / Managers Costs

Name	Pay No	Function	Hours
		T(S)A Co-Coordinator	

Manager Costs Associated with RAUC Meetings

		Hillington	
		Glasgow	
		Coatbridge	
		Edinburgh	
		Dunfermline	
		Dundee	

Managers Costs Associated with Traffic Management Designs

		TM LEAD	10.0
Total			**10.0**

One-off costs

Description	Cost
TRAFFIC MANAGEMENT SIGNS	£100
TRAFFIC LIGHT HIRE	£1,771

Operational Staff attending site meetings

Name	Pay No	Hours	Cost
Total		**0**	**£1,871**

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MONTHLY RETURN OF INCREMENTAL T(S)A COSTS

DEPARTMENT/DEPOT	HILLINGTON Scotland Operations		MONTH SEPT
VERIFIED BY:	Name	Signature	YEAR 2012

Project No. / Additional Costs Description	Local Authority notice reference	Section 115 costs: Direct labour hours x1 → x1½	x1½ → x2	x1 → x2	Contractor Costs: Schedule number	Value	Additional Reinstatement Costs £	Additional Staff Costs: Pay No	No Hours	Fixed Penalty Notices: FPN Additional Admin Pay No	No Hours	FPN Charges £	Other one-off costs £
QUARRY STREET, JOHNSTONE	1380796					£6,566							
Lost Productivity Due to Working Restrictions										**Other Admin Charges:** Pay No	No Hours	£ Charges	
Total		**0**	**0**	**0**		**£6,566**	**£0**		**0**		**0**	**£0**	**£0**

Other Administration / Managers Costs

Name	Pay No	Function	Hours
		T(S)A Co-Coordinator	

Manager Costs Associated with RAUC Meetings

Name	Pay No	Function	Hours
		Hillington	
		Glasgow	
		Coatbridge	
		Edinburgh	
		Dunfermline	
		Dundee	

Managers Costs Associated with Traffic Management Designs

Name	Pay No	Function	Hours
		TM LEAD	5.0
Total			**5.0**

One-off costs

Description	Cost
TRAFFIC LIGHT HIRE	£644
TRAFFIC MANAGEMENT SIGNS	£180

Operational Staff attending site meetings

Name	Pay No	Hours	Cost
		1	
		2	
Total		**3**	**£824**

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Appendix F –Scotland Performance Review

— THE OFFICE OF THE —
SCOTTISH ROAD WORKS COMMISSIONER

Performance Review for Scotland Gas Networks (October 2011 - September 2012)

The Performance Review below sets out Indicator data for Scotland Gas Networks for the last fourteen quarters. The years shown (e.g. 2011 -12) are financial years from 1st April - 31st March. All undertakers are encouraged to review the overall suite of Indicators placed on the Scottish Road Works Register (SRWR) and on the Commissioner's website to benchmark their performance against similar organisations.

1.0 Noticing Activity & FPNs

1.1 Noticing Activity

The Commissioner wishes to determine if undertakers are meeting their duty to enter notices for all of their works on SRWR. This is being done by measuring the number of actual start notices and completion notices entered onto SRWR. He also wishes to keep under review the designations given to the works.

		2009-10				2010-11				2011-12				2012-13	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Works Started	Report 9a	3,846	3,727	4,066	5,109	3,966	3,873	4,118	4,684	3,463	3,402	3,357	3,965	3,390	3,081
Works Completed	Report 9b	3,855	3,570	3,977	4,814	3,825	3,828	3,668	4,919	3,634	3,339	3,574	3,819	3,355	2,927
Emergency, Urgent or Remedial Dangerous Works	Report 4a	1,119	1,244	1,852	2,713	1,215	1,162	2,097	2,189	1,110	1,052	1,332	1,502	1,033	956
Minor, Standard, Major Works	Report 4b	2,484	2,369	2,106	2,284	2,648	2,562	1,893	2,408	2,150	2,170	1,890	2,250	2,193	1,989

1.2 Potential Noticing Offences

The Commissioner wishes to measure the accuracy of the information held on notices and that the appropriate timescales are being met. This measures the number of error messages generated by the SRWR which would flag a potential Fixed Penalty Notice offence. The percentage rate is based on comparison with the number of actual start notices which are issued.

Potential Noticing Offences (PNOs)	Report 1	514	399	247	366	308	277	235	243	185	210	193	227	209	181
Potential Noticing Offences per Works Started	Report 2b	0.13	0.11	0.06	0.07	0.08	0.07	0.06	0.05	0.05	0.06	0.06	0.06	0.06	0.06
Undertaker average included from Q1 2010 onwards						*[0.16]*	*[0.16]*	*[0.10]*	*[0.17]*	*[0.20]*	*[0.15]*	*[0.12]*	*[0.12]*	*[0.11]*	*[0.09]*

1.3 Fixed Penalty Notices Given

The Commissioner wishes to keep under review the number of Fixed Penalty Notices given to each undertaker. However, given that the issue of Fixed Penalty Notices is at the discretion of roads authorities this is included for information only and is not deemed to be a performance issue for undertakers. The Commissioner will use Potential Noticing Offences as the performance measure.

Actual FPNs given	Report 1	151	7	58	73	124	88	76	55	61	63	93	83	113	74

Summary

1.1 Noticing Activity

• Works Started and Completed – These have been broadly in line throughout the period and do not give cause for concern. I do note however that the number of works undertaken has reduced somewhat this year - 13,793 as opposed to 15,667.
• Emergency, Urgent or Remedial Dangerous Works – overall these are broadly similar to the figures over the previous two periods and do not give cause for concern.

1.2 Potential Noticing Offences

• The number of potential noticing offences has been below the undertaker current average and this has remained consistent throughout the year. You should continue to review your potential noticing offences to ensure that your recent good performance continues or even improves.
In terms of the accuracy of the information held on notices and that the appropriate timescales are being met I am pleased to be able to say that I currently consider your company to be one of the best performing. I will continue to monitor your performance over the next 12 months and hope to see it maintained.

• The 363 FPNs issued to you over the last 4 quarters will have cost you £29,040 based on the discounted rate of £80. This was higher than last year.
Improvements in your performance in Noticing at 1.2 above can therefore lead to significant cost savings.

2.0 Management & Timing of Works

The Commissioner wishes to review the use of flexibilities agreed by RAUC(S) relating to early starts, late starts and works extensions and also certain areas where duties exist regarding the information to be placed on SRWR.

		2009-10				2010-11				2011-12				2012-13	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
No and Percentage Early Starts	Report 10	658 (17%)	704 (19%)	444 (11%)	536 (10%)	594 (15%)	659 (17%)	490(12%)	634(14%)	716(21%)	446(13%)	405(12%)	606(15%)	557(16%)	536(17%)
Undertaker Average Early Starts						*[10%]*	*[12%]*	*[11%]*	*[12%]*	*[14%]*	*[11%]*	*[10%]*	*[10%]*	*[10%]*	*[10%]*
No of Late Starts	Report 10	28 (1%)	79 (2%)	41 (1%)	103 (2%)	97 (2%)	92 (2%)	67(2%)	43(1%)	39(1%)	68(2%)	64(2%)	27(1%)	55(2%)	86(3%)
Undertaker Average Late Starts						*[0.8%]*	*[0.8%]*	*[0.9%]*	*[1.2%]*	*[1.6%]*	*[1.0%]*	*[1%]*	*[1%]*	*[1%]*	*[1%]*
No and Percentage Overrun/Minor,Standard,Major Wks	Report 6	17 (1%)	25 (1%)	82(4%)	86 (4%)	74 (3%)	69 (3%)	58(3%)	101(4%)	55(3%)	86(4%)	139(7%)	115(5%)	102(5%)	96(5%)
Undertaker Average Overruns						*[4%]*	*[3%]*	*[4%]*	*[3%]*	*[3%]*	*[2%]*	*[2%]*	*[2%]*	*[2%]*	*[2%]*
No and Percentage of Work Extensions	Report 12	1,366(36%)	1,302(35%)	1,261 (31%)	1,711 (33%)	1,261(31%)	847 (22%)	2,000(49%)	1,437(31%)	679(20%)	789(23%)	786(23%)	663(17%)	572(17%)	684(22%)
Undertaker Average Work Extensions						*[16%]*	*[14%]*	*[27%]*	*[21%]*	*[14%]*	*[16%]*	*[17%]*	*[15%]*	*[14%]*	*[14%]*
Works Awaiting Closure	Report 16	19	16	27	29	33	18	52	21	20	26	23	21	19	49
Works Awaiting Registration	Report 16	258	94	140	152	133	176	184	192	262	364	374	132	99	60

Summary

• The number of early starts has been high when compared to the undertaker current average. Over–reliance on early starts could indicate a lack of forward planning or abuse of the requirement for advance notice as required by sections 113 and 114 of the New Roads and Street Works Act 1991. As this was also reported last year, you should continue to review your use of early starts to assure yourselves that they are being used appropriately.
• The number of late starts has generally been close to the undertaker current average. You should however continue to review your use of late starts to assure yourselves that they are being used appropriately.
• The number of works overruns has been slightly high when compared to the undertaker current average This indicates works where the works closed date is later than the estimated completion date on the notice. You should keep the number of works overruns under review to assure yourself that the estimated completion dates on notices are kept as accurate as possible.
• The number of works extensions has been higher than the current average for undertakers. This could suggest poor pre-planning and an over-optimistic view as to the time required to undertake the works and could indicate a lack of coordination of the works. You should review your procedures to ensure that the work periods entered reflect a genuine estimate of the time which the works will require.
• Although the number of works awaiting closure is relatively low, it has increased in Q2 and you should keep your procedures under review to ensure that notices are closed timeously.
The number of works awaiting registration are also reduced compared to previous quarters.

3.0 Interim Reinstatements

The Commissioner wishes to keep the use of interim reinstatements under review and to ensure that the timescales for completion are being met.

		2009-10				2010-11				2011-12				2012-13	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Interim Reinstatements done	Report 14	136	131	202	249	145	121	379	241	123	95	158	136	139	131
Interim Reinstatements due (less than 6 months)	Report 18	98	93	263	186	141	63	418	236	110	50	144	105	87	126
Interim Reinstatements due (more than 6 months)	Report 18	49	66	44	19	40	16	20	15	40	18	17	4	14	14

Summary

• The number of interim reinstatements over 6 months old is relatively small and does not provide any particular cause for concern at this time. The requirement is to complete the permanent reinstatement as soon as reasonably practical with 6 months being the maximum. You should be attempting to reduce this figure year on year.

4.0 Reinstatement Standard

4.1 Coring of Undertaker Works 2010.11

The Commissioner wishes to ensure that undertaker reinstatements comply with the prescribed requirements.The Commissioner stated in his direction letter of January 2012 that all undertakers shall, so far as is practicable, achieve a pass rate of at least 90% during all future National Coring Programmes. The next national coring programme will take place in 2013 and will be reported in the next Performance Review

Undertaker 83%Pass 17% Fail
National Average 74% Pass 26% Fail

4.2 Inspection Reports

The Commissioner wishes to keep under review the pass rates of Category B and Category C inspections.The pass rate is based on the number of inspections undertaken. This key performance indicator is available from Q3 2011 only.

		2011-12		2012-13	
		Q3	Q4	Q1	Q2
Category B Inspections passed	Quarterly Inspections Report	346	447	310	324
Rate of Category B Inspections passed - based on the total number of inspections		92.5%	92.5%	93.1%	91.8%
Undertaker Average Category B Inspections		[90.8%]	[91.6%]	[91.5%]	[91.5%]
Category C Inspections passed		271	578	280	307
Rate of Category C Inspections passed - based on the total number of inspections		89.7%	95.5%	91.8%	94.5%
Undertaker Average Category C Inspections		[91.0%]	[94.9%]	[93.8%]	[93.5%]

Summary

• Your Category B inspection results show that your pass rate is at average which does not give cause for concern.
• Your Category C inspection results show that your pass rate is at around average which does not give cause for concern.

5.0 Traffic Management

5.1 Substandard Traffic Management from Inspections

The Commissioner wishes to keep under review the standard of traffic management

		2009-10				2010-11				2011-12				2012-13	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Substandard Traffic Management from Inspections	Report 19	93	90	99	100	149	119	103	186	123	50	53	39	38	39

Summary

• Although the instances of substandard traffic management are small in relation to the number of works you should keep them under review and seek to reduce them.

5.2 Traffic Management Not Yet Known

The Commissioner wishes to keep under review the use of the category "Traffic management not known". This key performance indicator has only been available since Q1 2012.

		2011-12		2012-13	
		Q3	Q4	Q1	Q2
Number of uses of Traffic Management not yet known category	TM not known report			252	214
Rate of use of this category				7%	7%

Summary

• The number of occurrence of this category are higher than other undertakers and I would like to emphasise that this category should be updated by the time you enter your S114 notice. I shall continue to monitor this category and would wish to see a reduction.

6.0 Undue Delay in Works (S125)

The Commissioner wishes to keep the number of works where section 125 notices are issued under review and that undertakers comply with their duty to complete works with such dispatch as is reasonably practical.

		2009-10				2010-11				2011-12				2012-13	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Undue Delay in Works (S125)	Report 13 and 17e	7	8	6	2	2	2	4	2	1	5	11	2	2	9

Summary

• Although the numbers are relatively low, they are higher than you received last year and you should keep them under review and seek to reduce them.

7.0 Attendance at Area RAUC(S)

The Commissioner wishes to ensure that all undertakers participate at Area RAUC(S) meetings in areas where they have significant apparatus to ensure that they keep abreast of all current issues.

	2009-10				2010-11				2011-12				2012-13	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Attendance at North of Scotland Area RAUC(S)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Attendance at Tayforth Area RAUC(S)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Attendance at SW Area RAUC(S)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y
Attendance at SE Area RAUC(S)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Attendance at WoS Area RAUC(S)	-	-	-	-	Y	Y	-	N	Y	Y	N	Y	Y	Y

Summary

• Attendance at Area RAUC(S) meetings has been satisfactory.

Appendix G – Road Authorities

Area	FPN's Currently Issued
Aberdeenshire	Yes
Amey South West	Yes
Argyll & Bute	Yes
Bear South East	Yes
East Ayrshire	Yes
East Dunbartonshire	Yes
East Lothian	Yes
Edinburgh	Yes
Falkirk	Yes
Highland	Yes
Inverclyde	Yes
North Ayrshire	Yes
South Lanarkshire	Yes
Stirling	Yes
Transerv North West	Yes
West Lothian	Yes
Glasgow	Yes
Aberdeen City	No
Angus	No
Bear North East	No
Clackmannanshire	No
Dumfries & Galloway	No
Dundee City	No
Fife	No
Midlothian	No
Moray	No
North Lanarkshire	No
Orkney & Shetland	No
Perth & Kinross	No
Scottish Borders	No
South Ayrshire	No
West Dumbarton	No
Western Isles	No

Appendix H –

Appendix I – Notes and references

1 All references to costs and expenditures within this paper, unless otherwise indicated, are in 2009/10 prices.

2 Official Website of the Scottish Road Works Commissioner, www.roadworksscotland.gov.uk