

Transport and Environment Committee

10.00am, Tuesday, 26 August 2014

Public Utility Company Performance 2013/14

Item number	7.14
Report number	
Executive	
Wards	All

Executive summary

This report summarises the performance of Public Utility Companies (PUs) during the period April 2013 to March 2014 (Quarters 1 to 4), for the 2013/14 financial year.

It summarises and compares the four quarters of the year and shows trend information from previous years.

The report comments on the performance and progress of the Roadwork Support Team (RST) including the additional Inspectors, employed on a two year fixed term contract, to allow the Council to inspect of 100% of PU reinstatements.

The report will also detail the proposals for managing PU performance for 2014/15.

Coalition pledges	P28 and P33
Council outcomes	CO19 and CO26
Single Outcome Agreement	SO4

Public Utility Company Performance 2013/14

Recommendations

- 1.1 It is recommended that the Transport and Environment Committee notes:
 - 1.1.1 the report and performance information shown in Appendix A, including the arrangements for securing an improved performance level from all Public Utilities;
 - 1.1.2 that future quarterly reports provided to this Committee will include information on the progress of the revised Edinburgh Road Works Ahead Agreement (ERWAA); and
 - 1.1.3 that future quarterly reports will include progress on the Improvement Plans requested from Public Utilities.

Background

- 2.1 The New Roads and Street Works Act 1991, as amended by the Transport (Scotland) Act 2005, gives statutory undertakers (Public Utility (PU) companies and private utility providers) responsibility for signing, lighting and guarding road works. The legislation also requires the road to be reinstated to prescribed standards upon completion of works.
- 2.2 A previous report to this Committee on 15 January 2013, recommended that a PU Performance Report be submitted on a quarterly basis and approved the recommendation to instruct the Head of Transport, to enhance the scrutiny and monitoring of all road works. The Committee also agreed to instruct the Head of Transport to take the lead in developing a revived Edinburgh Road Works Ahead Agreement (ERWAA).
- 2.3 This report provides an update on developments that have occurred during the year April 2013 to March 2014.

Performance

- 3.1 The performance of each PU is monitored daily by the Roadworks Support Team (RST), with reports compiled on a monthly and quarterly basis. The result of this monitoring is discussed at bi-monthly liaison meetings held with each PU, on a one to one basis.
- 3.2 Where a PU fails to meet the specified performance standards, as defined in the appropriate Code of Practice, the following staged procedure should be used:
- The roadworks authority issues a Notice of Failure to Achieve Performance (NFAP).
 - The undertaker responds with an Improvement Plan – Stage 1.
- 3.3 In the event that the PU does not achieve the required level of improvement, then:
- the roadworks authority issues an Improvement Notice (IN); and
 - the PU responds with an Improvement Plan – Stage 2.
- 3.4 Within 5 days of receiving the NFAP, the PU must verify and analyse the defect data (gathered from inspections, performance information), to establish appropriate improvement objectives. It should then prepare an outline Improvement Plan designed to achieve the objectives and forward this to the roadworks authority.
- 3.5 Where this is considered not to be the case, an Improvement Notice/Stage 2 Improvement Plan shall be triggered.
- 3.6 Following implementation of the Improvement Plan, if it becomes clear after three months that no practical improvement is being achieved, other measures may need to be considered such as:
- Escalation of the Improvement Plan monitoring to achieve a step change in performance;
 - Involvement of a more senior level of management within both the PU and the roadworks authority;
 - Following an appropriate grievance and dispute process, civil and/or criminal remedies; and
 - A report containing any relevant evidence of the undertaker's failure to comply with their duties under the Act, may be submitted to the Office of the Scottish Road Works Commissioner for information.

Inspections

- 3.7 The New Roads and Street Works Act 1991, as amended by the Transport (Scotland) Act 2005, makes PUs wholly responsible for the management of their road works. Councils, as Roads Authorities, are responsible for monitoring the performance of the PUs and are empowered to charge them for a number of sample inspections carried out to monitor the performance. The sample size that is currently chargeable is 30% of the total annual number of re-instatements. Other inspections, carried out routinely by the Roads Authority or in response to reports from the police or members of the public, may also be carried out. The cost of these falls to the Council unless a defect is found.
- 3.8 The two areas that are inspected and monitored closely are PU reinstatements and PU defective apparatus (manholes, toby covers, valve and inspection/access covers).
- 3.9 Target inspections are all other inspections carried out, (excluding Sample Inspections). They involve the Council investigating all other reinstatements, new reinstatements or those still within their two year guarantee period. The breakdown of the type of inspections carried out is shown in Table 3.9A in Appendix A. The average failure rate for PUs is shown in Table 3.9B in Appendix A.

Sample Inspections

- 3.10 The total number of sample inspections carried out in 2013/14 was 1,877. The breakdown between each inspection type is shown in Table 3.9A in Appendix A.
- 3.11 The percentage pass rate for each PU at the end of 2013/14, and over the past four years, is shown in Table 3.11 and Graph 3.11 in Appendix A. The target pass rate for all PUs is 90%.

Target Inspections

- 3.12 The cumulative number of target inspections carried out in 2013/14, was 10,766. The breakdown between each inspection type is shown in Table 3.9A in Appendix A.
- 3.13 The total number of all inspections carried out in 2013/14 was 26,963. The number of inspections carried out, compared with the last four years are shown in Graph 3.13 in Appendix A.

From analysing the 26,963 inspections carried out, the average failure rate for reinstatements inspected was 12.8% against a target of 10%. See Table 3.9B in Appendix A.

- 3.14 The number of inspections carried out last year shows a 105% increase, from the number carried out in the previous year. This is the result of employing an additional two inspectors. When compared with 2012/13, the increase in the number of inspections has resulted in an 89.6% increase in identified reinstatement failures. The number of inspections carried out each month, during 2013/14, is shown in Graph 3.15 in Appendix A.

Utility Defective Apparatus

- 3.15 The total numbers of outstanding defective apparatus at the end of 2013/14 was 553. A breakdown for each PU is shown in Table 3.16 in Appendix A. There was an improvement of 20.1% when compared to the same period in 2012/13.
- 3.16 The PU with the largest numbers of defective apparatus continues to be Scottish Water, with 470 items. Scottish Water has only improved by 1.5% since Q3. An improvement will be required within a set timescale, to be agreed with Scottish Water.
- 3.17 When comparing the outstanding numbers in 2013/14 to 2012/13, improvement was relatively small, with the exception of Scottish Water. However, each PU has made a significant improvement in its performance when comparing the numbers in 2011/12 and 2013/14. Openreach and Scottish Water had the largest number of outstanding items of defective apparatus at the end of last year. The comparison over the previous four years is shown in Table 3.18 and Graphs 3.18A and 3.18B in Appendix A.

Utility Defective Reinstatements

- 3.18 Every PU has seen an increase in the number of outstanding defects since Q1. A breakdown for each PU is shown in Table 3.19 and Graph 3.19 in Appendix A. At the end of Q4, the total number of outstanding defective reinstatements in Edinburgh was 637. Scottish Water continues to be the PU with the largest number of defective reinstatements, followed by Scottish Gas Networks (SGN). These defects are discussed at the bi-monthly liaison meetings.
- 3.19 The increase in the number of inspections as discussed in 3.14 (13,129 in 2012/13 compared to 26,963 in 2013/14) has had a direct affect on the number of failed reinstatements identified. Had the additional inspections not been carried out, there was a real possibility that these defects would have not been found and the responsibility for their repair would have fallen to the Council after the end of their guarantee period.

Registration & Fixed Penalty Notices (FPNs)

- 3.20 All road works on public roads must be registered on the Scottish Road Works Register (SRWR).

- 3.21 PUs are required to record all information relating to the works they wish to undertake and works that are underway. Roads Authorities are also required to record all information on works they wish to carry out. Developers, and others wishing to occupy or carry out works on public roads, must first obtain consents (Road Occupation Permits) from roads authorities, which are then responsible for the registration of these works.
- 3.22 The comparison of registration failures is shown in Graphs 3.23A and 3.23B in Appendix A.
- 3.23 Failure to comply with the above requirements is an offence. PUs and those working under Road Occupation Permits that commit such an offence, can discharge their liability through the payment of a Fixed Penalty Notice (FPN). Currently the Penalty is £120, which is reduced to £80 if paid within 29 days. A breakdown of FPNs issued in 2013/14 is shown in Graphs 3.24A and 3.24B in Appendix A
- 3.24 The total number of FPNs accepted by PUs, in 2013/14 was 534. A further 280 FPNs were accepted by other agents in relation to Road Occupation Permits eg skips, scaffolding, etc.

The Edinburgh Road Works Ahead Agreement (ERWAA)

- 3.25 A report outlining the new working arrangements for the ERWAA was submitted to and approved by, the Transport and Environment Committee on 18 March 2014.
- 3.26 A consultation exercise was carried out and a small number of responses were received from Community Councils.
- 3.27 A meeting took place on 4 April 2014 with the chair of the Scottish Joint Utilities Group (SJUG), to discuss the concerns raised by PUs, concerning the wording of certain parts of the Agreement and the additional costs that may be incurred in implementing parts of the revised ERWAA. It was agreed at this meeting that the wording within the Agreement would be reviewed, to satisfy both the PUs and the Council. The revised ERWAA will be discussed at an Officer/Member Working Group. Once agreed, the Agreement will be amended and reported to this Committee.

Actions

Improvement Plan – Scottish Water

- 3.28 Several meetings have been held with Scottish Water throughout last year, to discuss its Improvement Plan. As can be seen by the number of outstanding defective apparatus failures, taken from the SRWR, Scottish Water's performance did improve slightly, however a significant number of outstanding defects remain.

- 3.29 Scottish Water have given assurances that the issue of duplicate registrations is being addressed, through additional staff training. However delivery of this training has made no measurable difference to its performance.
- 3.30 Discussions have been held with Scottish Water at a senior level to discuss its recent performance. It has been agreed that improvement targets will be set against its performance which will be regularly assessed. The monitoring of this performance will now form the major part of the liaison meetings, with results being reported, on a monthly basis, to the Road Services Management Team.

Proposals for the coming year

- 3.31 It is intended to invite and commence liaison meetings with smaller PUs (O2 UK Ltd, Vodafone, EE, Network Rail and Concept Solutions People). Presently, only the five main PUs (Scottish Water, Scottish Power, Scotland Gas Networks, Openreach and Virgin Media) are invited to and attend Liaison meetings.
- 3.32 The performance of each PU during 2013/14 will be discussed at their liaison meetings. A request will be made for Improvement Plans from each PU where performance has not improved over the last three quarters of last year. A timescale will be given to each PU, in which a marked improvement in its performance must be made. Results from these meetings will be reported to this Committee.
- 3.33 It is intended to investigate specific reinstatements carried out by PUs where concerns have been raised by Road Services staff or members of the public. Locations investigated for coring will be identified and cored, even if a surface inspection appears satisfactory. This will enable the Roadworks Support Team (RST) to be specific in their investigations, of suspected specification failures. Members of the public can report concerns to their Local Neighbourhood office or through Clarence.

Performance Monitoring

- 3.34 The figures and graphs referred to throughout this report are shown in Appendix A. This appendix provides performance information for 2013/14 and trend information covering the last three years.

Measures of success

- 4.1 Improved performance in the key areas reported and success will be measured by greater public satisfaction with:
- the planning, co-ordination and delivery of road works across the city;
 - the quality of information supplied to people who live in, work in or visit Edinburgh; and
 - the quality and longevity of PU reinstatements.

- 4.2 Public satisfaction will be measured at the end of each year by targeting Community Councils with customer questionnaires. It is anticipated that this will be undertaken in August 2014.

Financial impact

- 5.1 The revenue streams associated with Sample and repeat inspections of failed PU reinstatements, exceeded the budget target of £230,276 for 2013/14 financial year. The total revenue achieved was £240,960.
- 5.2 The cost of employing the additional Inspectors is currently offset by the revenue received from the visits made to check for compliance.

Risk, policy, compliance and governance impact

- 6.1 There is a risk of the condition of the road network deteriorating if the 100% inspection of all PU reinstatements is not maintained. Should 100% of inspections not be undertaken, there is a risk that any defects would not be found. The responsibility for their repair would fall to the Council at the end of their guarantee period.
- 6.2 Where the Council has made significant investment in road improvements, there is a risk that the road network may deteriorate, following reinstatements that have not been carried out to the agreed standards.
- 6.3 There a risk of reduced revenue, if the number of inspections is less than that estimated at the beginning of the year.
- 6.4 There is a risk of lack of improvement by poorer performing PUs. This can be addressed by the use of formal Improvement Plans, as specified in Code of Practice for Co-ordination of Works in Roads.

Equalities impact

- 7.1 There are no equalities impacts arising from this report.

Sustainability impact

- 8.1 There are no sustainability impacts arising from this report.

Consultation and engagement

- 9.1 Individual Liaison meetings are held every two months with representatives from all of the major PUs. Specific performance issues and improvement requirements are discussed at these meetings.
- 9.2 Throughout the year the Council was represented at all relevant Committees, as required within the Code of Practice for the Co-ordination of Works in Roads. These meetings are detailed below:
- The Roads and Utilities Committee Scotland (RAUCS)** where all Roads Authorities and PUs are represented together with representatives from Transport Scotland and the office of the Scottish Road Works Commissioner.
- The South East of Scotland Roads and Utilities Committee (SERAUC)** where representatives from the City of Edinburgh, Midlothian, East Lothian, West Lothian and Scottish Borders Councils attend, together with representatives from all PUs.
- The Local Roads and Utilities Committee (LRAUC)** is also known as the Local Co-ordination meeting. This includes representatives from every function and service within Services for Communities that have an involvement in roadworks or road occupation eg Lothian Buses, every Utility and the Tram Team.
- 9.3 At the LRAUC meeting on 6 May 2014, a request was made to all PUs, to place as much information regarding their potential works onto the Scottish Road Works Register, to allow for improved co-ordination of work to be carried out on the road network. At the same meeting it was confirmed that the 10 day allowance for the Council to make comment on proposed PU work, under Notices Awaiting Assessment, must be strictly adhered to.

Background reading/external references

Quality of Utility Company Reinstatements – Item 5.16, Transport and Environment Committee, 18 June 2012.

Code of Practice for Inspections”, 3rd edition, approved by the Roads Authority and Utility Committee Scotland, November 2012.

Code of Practice for the Co-ordination of Works in Roads, version 1.0, April 2013

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Links

Coalition pledges	P28 - Further strengthen links with the business community by developing and implementing strategies to promote and protect the economic well being of the city. P33 Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used.
Council outcomes	CO19 - Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm. CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix A - Utility Company Performance Information 2013/14

Table 3.9A
Number of inspections for ALL PUs

TYPE	CATEGORY A	CATEGORY B	CATEGORY C	OTHER INSPECTIONS	TOTAL
	Inspections during the progress of the works.	Inspection within six months of the work being completed.	Inspection within three months of end of guarantee period.		
SAMPLE INSPECTION	518	669	690	-	1,877
TARGET INSPECTION	370	4,990	5,406	-	10,766
DEFECTIVE APPARATUS	-	-	-	5,834	5,834
DEFECTIVE REINSTATEMENT	-	-	-	7,457	7,457
INSPECTIONS RELATED TO CORING	-	-	-	501	501
OTHERS	-	-	-	528	528
TOTAL	888	5,659	6,096	14,320	26,963

Table 3.9B
Average fail rate for ALL PUs

	No of Failures	% Fail Rate
SAMPLE INSPECTIONS	269	15.3%
Category A	104	20.6%
Category B	92	14.1%
Category C	73	11.2%
TARGET INSPECTIONS	1327	16.5%
Category A	65	23.8%
Category B	706	14.7%
Category C	556	10.9%
DEFECTIVE REINSTATEMENTS	1427	12.8%

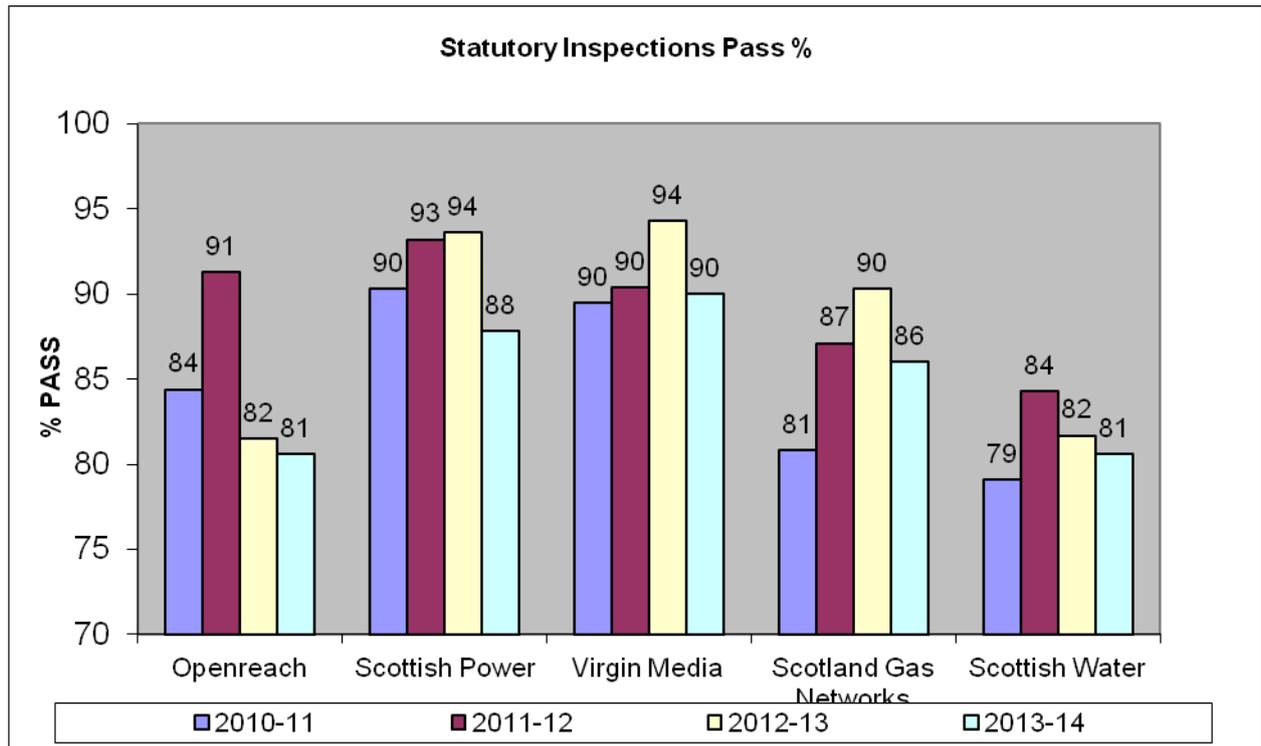
The target pass rate for all PUs is 90%.

Table 3.11

The table below shows the average percentage pass rate for defective apparatus for each PU over the past year. The target pass rate for all PUs is 90%.

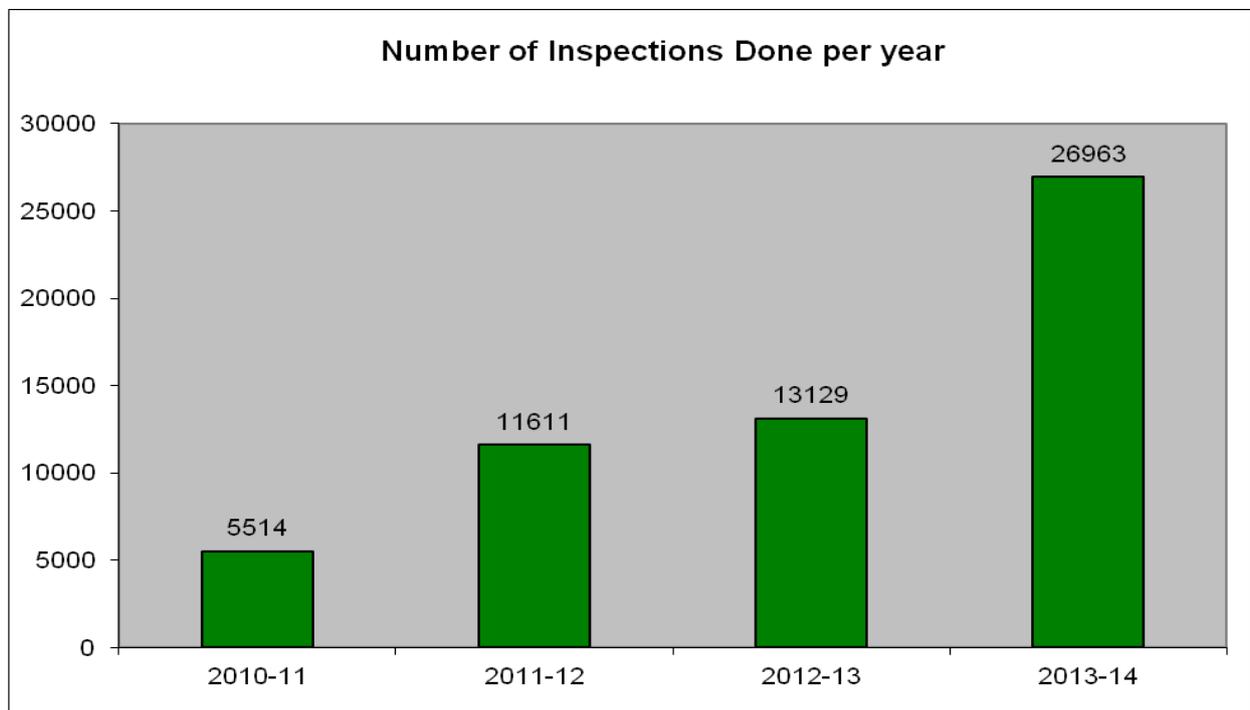
	Openreach	Scottish Power	Virgin Media	Scotland Gas Networks	Scottish Water
Pass Rate	81%	88%	90%	86%	81%

Graph 3.11

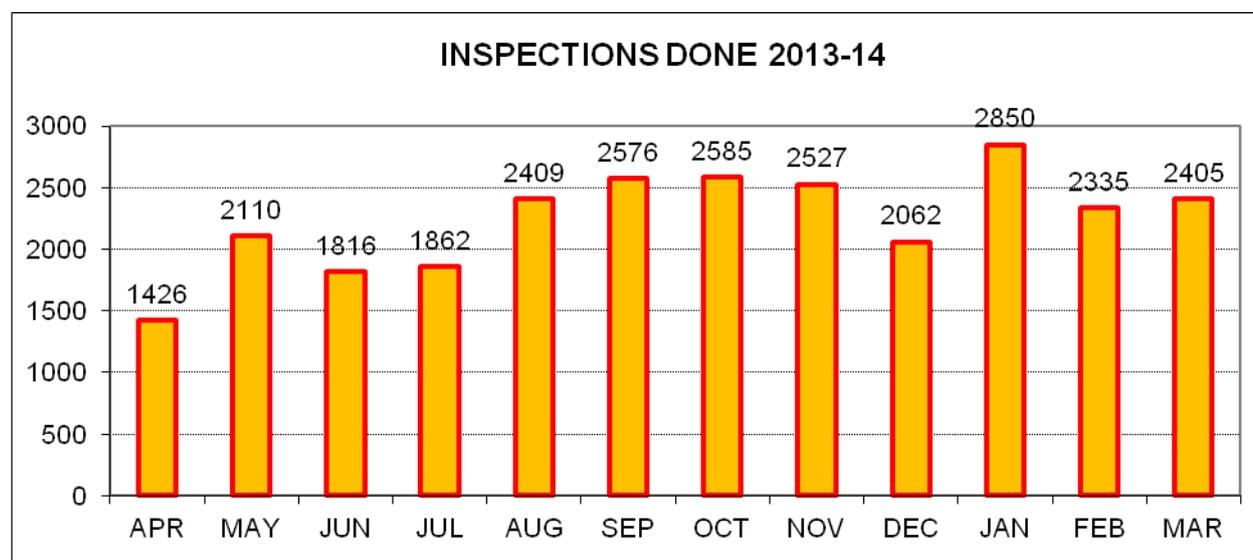


The target pass rate is 90%. All but one of the PUs did not achieve this target in 2013/14.

Graph 3.13



Graph 3.15



In 2013/14 there were 26,963 inspections carried out. The target of 20,000 inspections was met and exceeded. The reason for the marked increase in the number of inspections from July is due to the completion of training for the additional inspectors. The reason for the drop in February is due to one of the Inspectors resigning and the total number of Inspectors dropping to five.

Table 3.16

The total numbers of outstanding Defective Apparatus for each Quarter in 2013/14 are shown below.

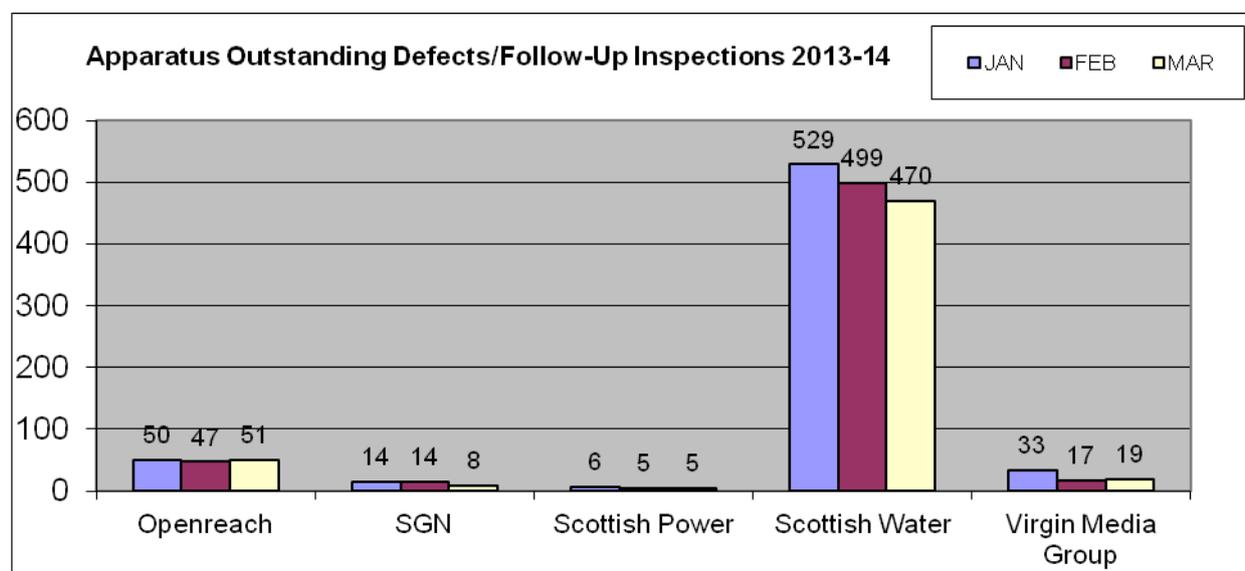
Utility	Q1	Q2	Q3	Q4
SGN	6	10	8	8
Scottish Water	534	548	477	470
BT Openreach	41	55	45	51
Scottish Power	8	9	3	5
Virgin Media	16	13	34	19
Totals	605	635	567	553

Total at end 2013/14	553	20.1% improvement
Total at end 2012/13	692	

Table 3.18

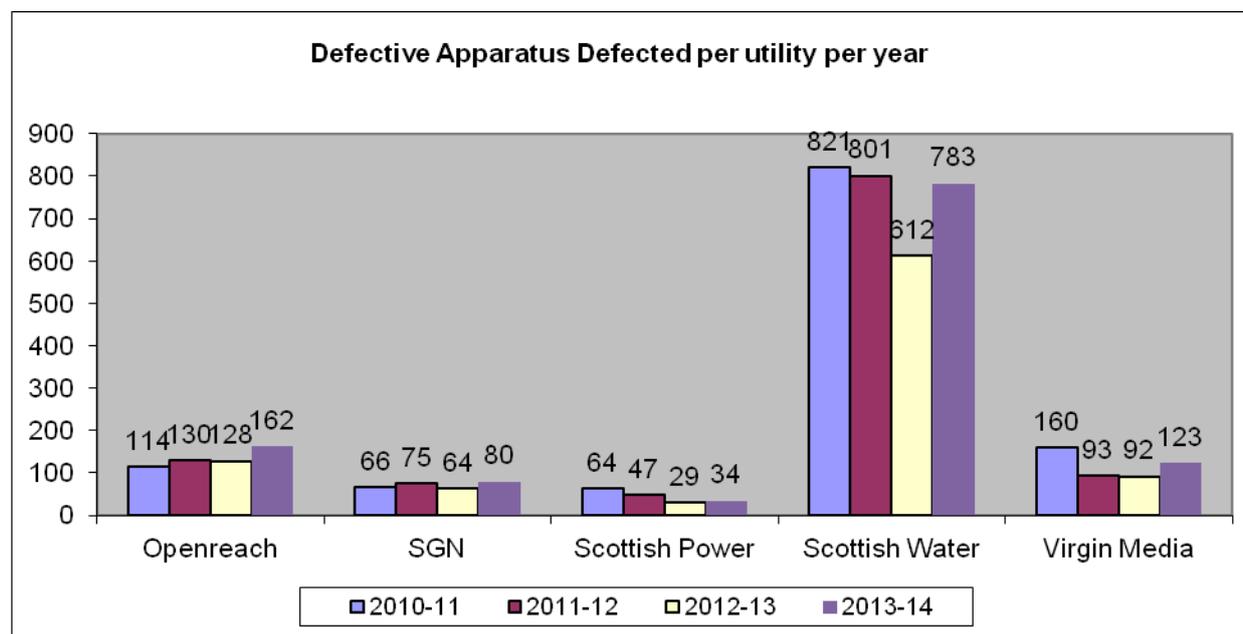
The comparison of the numbers of outstanding defective apparatus for each PU over the past four years, measured at the end of each year.

PU	2010-11	2011-12	2012-13	2013-14
Openreach	114	130	53	51
SGN	66	75	22	8
Scottish Power	64	47	8	5
Scottish Water	821	801	582	470
Virgin Media	160	93	27	19

Graph 3.18A

The number of outstanding defects for Scottish Water (470) is a long standing issue. This has been raised as a specific problem and an Improvement Plan has been requested to address this. All PUs, with the exception of Openreach and Virgin Media, showed a slight improvement in the last quarter of the year in the numbers of defective apparatus. Due to the increase in the number of inspections this, in turn, has resulted in there being little or no significant reduction in the overall numbers of defective apparatus.

Graph 3.18B



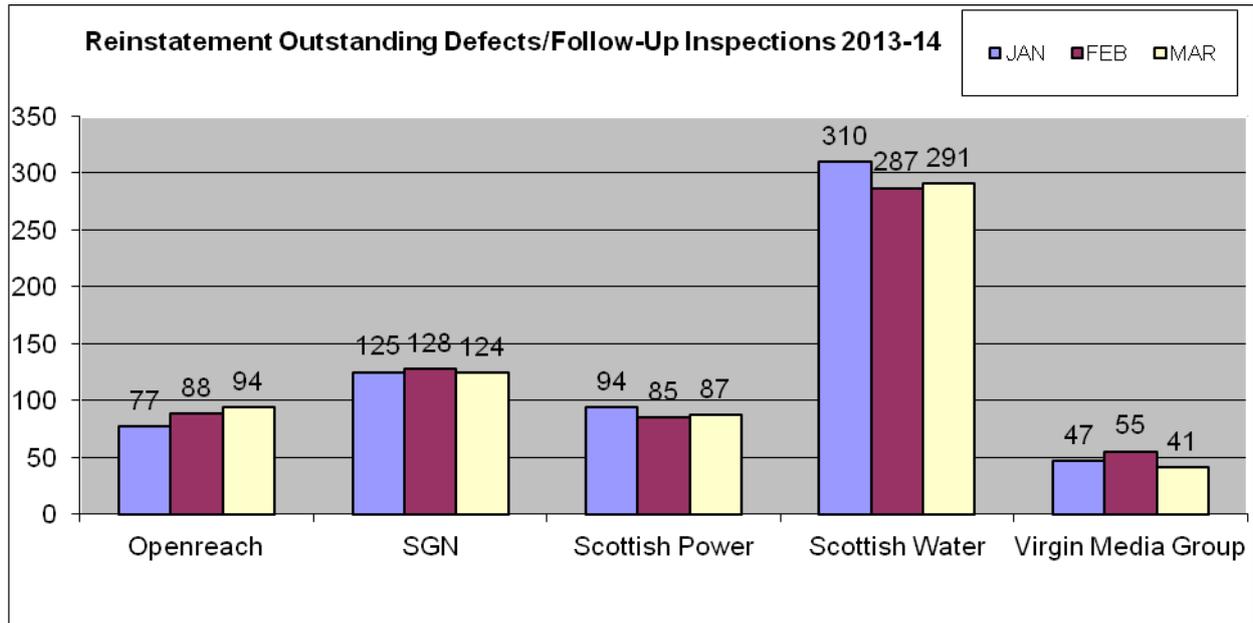
The numbers of outstanding defective apparatus had a positive trend and was improving until last year. This is due to regular and additional inspections being carried out. Every PU had more outstanding defects at the end of year.

Table 3.19

The total number of outstanding Defective Reinstatements for each quarter for each PU is shown below:

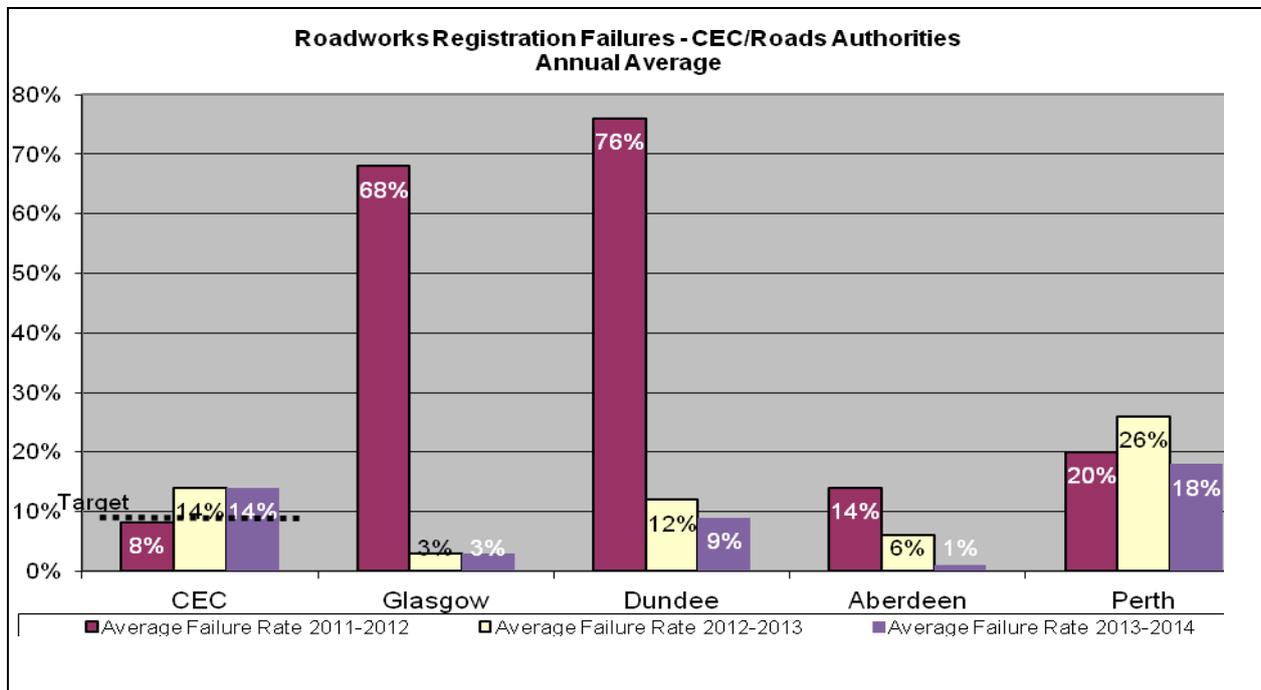
Utility	Q1	Q2	Q3	Q4
SGN	80	81	113	124
Scottish Water	202	277	286	291
BT Openreach	24	43	67	94
Scottish Power	29	45	81	87
Virgin Media	34	46	44	41
Totals	369	492	591	637

Graph 3.19



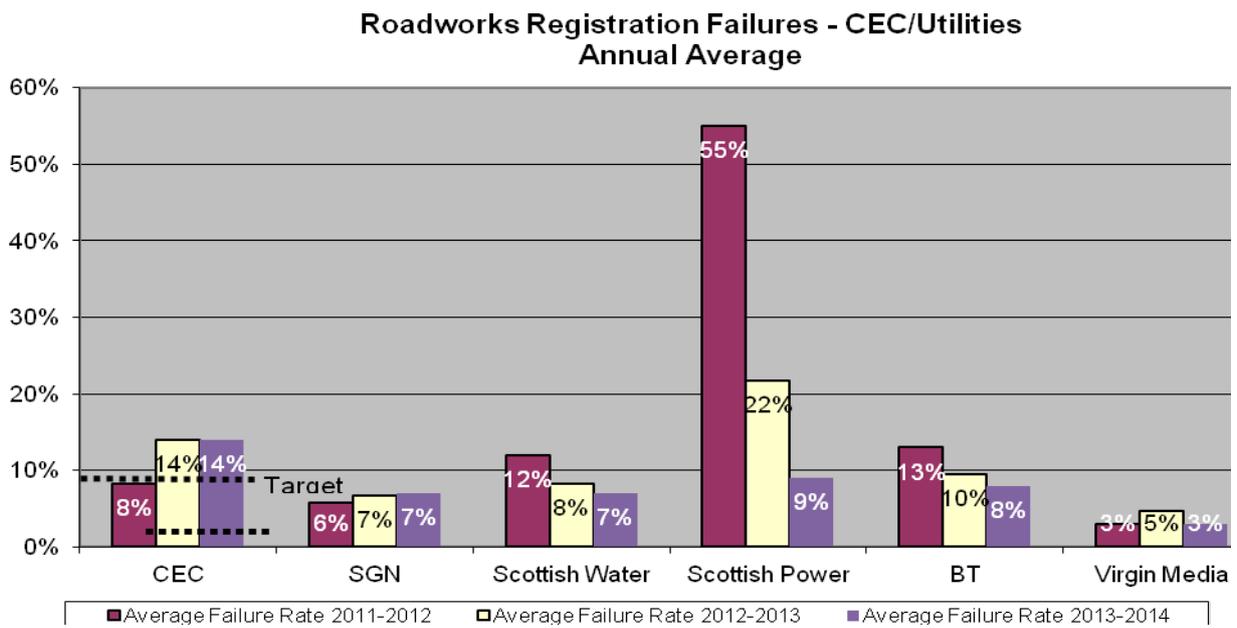
The number of outstanding or defective reinstatements has varied over Q4. Each PU has shown an increase in the number of failed reinstatements over the final three months of the year, with the exception of Virgin Media and SGN. The improvement however is small when compared to the totals outstanding.

Graph 3.23A



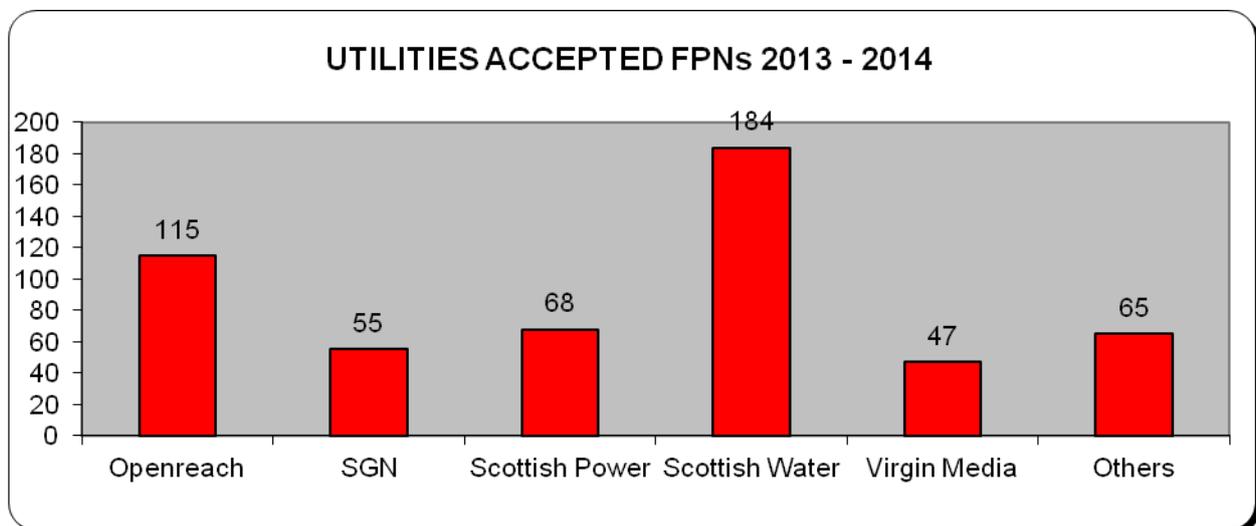
There is no target failure rate set for Roads Authorities. It is expected that their failure rate should be no worse than the average PU failure rate. CEC made the decision to set itself in internal target rate, for monitoring purposes. The target set is 9%. A failure rate of 14% was actually achieved at the end of the year. The failure rate for the two months prior to the end of year for CEC was 0.7% and 7.9%.

Graph 3.23B



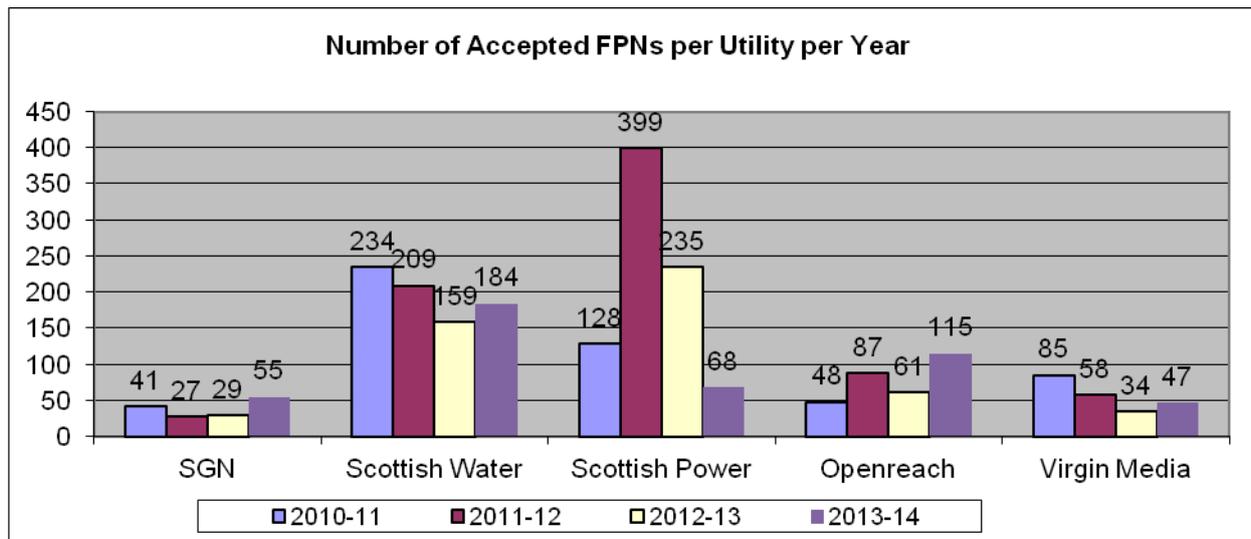
In 2012/13 over 13,000 inspections were carried out. It is estimated that in 2014/15 the target set for 2013/14 will be maintained.

Graph 3.24A



The failure rate by Scottish Water was the highest in Q1-Q4. This was due to their notices not being closed on time and/or no notice being received. These recurring issues will be raised at the next Liaison meeting. Improvement will be expected at the next quarterly monitoring.

Graph 3.24B



Scottish Power is the only PU that showed an improvement in the number of FPNs issued. This is due to their re-organisation of their notification team. All other PUs had more FPNs issued and these are for a variety of reasons, ranging from more work being carried out, re-organisations and staffing changes.