

# City of Edinburgh Council

10.00am, Thursday 22 September 2022

## Proposed Changes to Charging Mechanism for Road Construction Consent Inspections – referral from the Transport and Environment Committee

Executive/routine

Wards

All

Council Commitments

### 1. For Decision/Action

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- 1.1 The Transport and Environment Committee has referred a report on the Proposed Changes to Charging Mechanism for Road Construction Consent Inspections to Council to approve the amendment to current fees and charges.

**Richard Carr**

Interim Executive Director of Corporate Services

Contact: Taylor Ward, Assistant Committee Officer  
Legal and Assurance Division, Corporate Services  
E-mail: [taylor.ward@edinburgh.gov.uk](mailto:taylor.ward@edinburgh.gov.uk)

# Referral Report

## Proposed Changes to Charging Mechanism for Road Construction Consent Inspections – referral from the Transport and Environment Committee

### 2. Terms of Referral

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- 2.1 As part of the Road Construction Consent process the Roads (Scotland) Act 1984 permitted Roads Authorities to recover costs associated with inspecting new roads that were built to adoptable standards by developers.
- 2.2 Benchmarking of costs and processes against other Scottish local authorities had identified an opportunity to revise how the function was delivered that would reduce the administration involved in doing so, by changing a predominantly manually processed timesheet and invoice system to a more straightforward process based on road bond values.
- 2.3 It had been calculated that this proposal could generate an additional income of £375,192 per annum (based on road bond values from 2020).
- 2.4 The Transport and Environment Committee agreed:
  - 2.5.1 To approve the proposal to revise the way that charges for inspections for Road Construction Consents (RCC) were calculated and received.
  - 2.5.2 To note that the proposal was in-line with the process adopted by many other Councils across Scotland.
  - 2.5.3 To refer the report to Council to approve the amendment to current fees and charges.

### 3. Background Reading/ External References

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- 3.1 Minute of the Transport and Environment Committee of 18 August 2022 (adjourned to 1 September 2022)
- 3.2 [Transport and Environment Committee – 18 August 2022 \(adjourned to 1 September 2022\) webcast](#)

### 4. Appendices

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Appendix 1 – report by the Executive Director of Place

# Transport and Environment Committee

10.00am, Thursday, 18 August 2022

## Proposed Changes to Charging Mechanism for Road Construction Consent Inspections

Executive/routine Wards Council Commitments	Executive N/A <a href="#">1</a> , <a href="#">13</a> , <a href="#">15</a>
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### 1. Recommendations

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- 1.1 It is recommended that Transport and Environment Committee:
- 1.1.1 approves the proposal to revise the way that charges for inspections for Road Construction Consents (RCC) are calculated and received; and
  - 1.1.2 notes that the proposal is in-line with the process adopted by many other Councils across Scotland; and
  - 1.1.3 refers this report to Council to approve the amendment to current fees and charges.

**Paul Lawrence**

Executive Director of Place

Contact: David Wilson, Operations Manager – Transport Contracts and Design

E-mail: [david.wilson@edinburgh.gov.uk](mailto:david.wilson@edinburgh.gov.uk) | Tel: 0131 469 3912

## Proposed Changes to Charging Mechanism for Road Construction Consent Inspections

### 2. Executive Summary

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- 2.1 As part of the Road Construction Consent process the Roads (Scotland) Act 1984 permits Roads Authorities to recover costs associated with inspecting new roads built to adoptable standards by developers.
- 2.2 Benchmarking of our costs and processes against other Scottish local authorities has identified an opportunity to revise how this function is delivered that will reduce the administration involved in doing so, by changing a predominately manually processed timesheet and invoice system to a more straightforward process based on road bond values.
- 2.3 It has been calculated that this proposal could generate additional income of £375,192 per annum (based on road bond values from 2020).

### 3. Background

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- 3.1 Section 21 of the Roads (Scotland) Act 1984 requires that any person or organisation other than a Roads Authority who seeks to construct a new road, or an extension of an existing road, must obtain RCC, irrespective of whether the roads are to be adopted as public roads.
- 3.2 For a residential development, a developer must lodge a security, in the form of a road bond or deposit, in favour of the Roads Authority, to cover the cost of providing the roads to the standard set out in the RCC. The road bond is intended to protect prospective house purchasers from having to arrange completion of roads to adoptable standards in the event that a developer is unable to do so.
- 3.3 This security must be lodged prior to the commencement of any building works and is in accordance with Section 17 of the Roads (Scotland) Act 1984 and the Security for Private Road Works (Scotland) Regulations 1985, as amended by the Security for Private Road Works (Scotland) Amendment Regulations 1986.

- 3.4 Section 140(6) of the Roads (Scotland) Act 1985 permits a Roads Authority to recover expenses reasonably incurred in inspecting work to which a RCC relates.

## 4. Main report

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- 4.1 Section 140 of the Roads (Scotland) Act 1984 gives local authorities the power to recover costs incurred for inspecting roads which are constructed by developers under Section 21 of the Act, i.e. those to which a RCC relates.
- 4.2 Inspections are undertaken by RCC Inspectors and Street Lighting officers at key points throughout the construction process to ensure that any infrastructure which the Council may be required to adopt is built in accordance with the RCC.
- 4.3 RCC Engineers provide advice throughout the RCC submission process and are often called upon to visit sites to inspect works from time-to-time. Such inspections are also included within the fee.
- 4.4 RCC inspection costs are currently recovered through a timesheet-based process which is both cumbersome and resource-heavy, requiring officers to prepare timesheets after each visit to a site and business support staff to process these timesheets and prepare and batch invoices for developers.
- 4.5 Whilst developers are currently charged for these inspections on an hourly basis, an opportunity has been identified to improve the level of service provided to developers and increase income through the introduction of a revised recovery mechanism in-line with many other local authorities across Scotland.
- 4.6 The City of Edinburgh Council inspection fees are currently charged at £74/hr. A comparison with other Councils across Scotland that charge on a similar basis is shown below.

Angus	£84/hr
Perth & Kinross	£69/hr
East Lothian	£64/hr
Falkirk	£30/hr - £40/hr

- 4.7 The new proposal introduces a simpler process for charging for these inspections based on a variable percentage of the calculated road bond value as shown below:

<b>Road Bond Value</b>	<b>Inspection Fee</b>
Less than £50,000	£2,500 (Fixed fee)
£50,000 to £500,000	5.00% of Road Bond value
£500,000 to £2,000,000	4.50% of Road Bond value
Over £2,000,000	4.00% of Road Bond value

- 4.8 It is proposed that 50% of the fee will be payable when the road bond has been calculated and requested, with the remaining sum payable once the RCC has been granted.
- 4.9 The number of RCCs processed and corresponding road bond values over the last six full years are shown below:

<b>Year</b>	<b>No. of RCCs</b>	<b>Total Road Bond Value</b>
2016	30	£11,647,300
2017	40	£16,302,800
2018	19	£20,694,300
2019	14	£10,213,900
2020	25	£12,062,635
2021	13	£ 6,104,400

- 4.10 Whilst there are a number of exceptions to the road bond scheme for residential development being undertaken on behalf of local authorities, the Scottish Government, and registered housing associations, there remains a duty for the inspection of these works and the figures above include instances of notional road bond values used purely for the calculation of the relevant inspection fee for the development in question.
- 4.11 It is recognised that the level of income generated will vary each year as it will be directly related to the number and scope of the RCCs submitted and will therefore likely reflect the performance of the construction industry nationally.
- 4.12 The level of fees will be subject to annual review.
- 4.13 Historically there have been issues approving RCC within the prescribed three-month approval period mainly due to a) the standard of the submissions and b) the size of the current RCC team due to the number of new developments coming on-stream in the city aimed at addressing the housing deficit. The current team comprises 1 x Grade 8 Senior Engineer, 2 x Grade 7 Engineers (1.6 FTE) and 2 x Grade 6 Inspectors.
- 4.14 In order to ensure that the new model operates effectively and to provide an enhanced service to developers it is proposed to recruit an additional Grade 7 RCC Engineer to the team. The cost of this will be met by the additional income generated.

## **5. Next Steps**

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- 5.1 It is proposed to introduce the new charging mechanism for all new RCC applications received from 1 January 2023.

## **6. Financial impact**

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- 6.1 The RCC inspection process currently has an income target of £186,347 per annum. This figure is based on the income generated in 2018/19.
- 6.2 It has been calculated that this proposal could generate additional income of £375,192 per annum (based on road bond values from 2020).

## **7. Stakeholder/Community Impact**

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- 7.1 It will be necessary to inform developers ahead of the introduction of this proposal as it changes the stage at which the inspection fees are paid from the construction phase to the consent phase, thus developers will be required to pay for inspections in advance.

## **8. Background reading/external references**

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- 8.1 [SCOTS RCC guidance.](#)

## **9. Appendices**

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- 9.1 None.