

REQUEST FOR DIRECTOR DECISION – DD2659

Title: Infrastructure Coordination Service Additional Income

Executive Summary:

The GLA's Infrastructure Coordination Service (ICS) is seeking approval to receive and spend up to £1.048m of additional external income, comprising:

- fees associated with utilities receiving a Streetworks Collaboration Incentive (£508,000)
- a revenue grant from the Old Oak and Park Royal Development Corporation (OPDC) under Section 121 of the 1999 GLA Act to the ICS Development Service (up to £40,000)
- contributions from West London boroughs to fund follow-on studies that take forward the West London Local Area Energy Plan (up to £500,000).

The ICS is also seeking approval to spend £500,000 from the GLA's 2023-24 budget to deliver decarbonisation through Local Area Energy Planning.

The Mayor, under MD3080, approved receipt and expenditure of up to £10m over five years to fund ongoing delivery of the Infrastructure Coordination Service (ICS). The Mayor also delegated authority to the Executive Director of Good Growth to approve the acceptance and expenditure of additional diversified funding sources secured throughout this five-year period. The additional funding sought under this decision form will support activities already approved under MD3080 that were contingent on receiving further income.

Decision:

That the Executive Director of Good Growth approves:

1. the GLA's acceptance and expenditure of £508,000 of additional external income from utilities
2. the making by Old Oak and Park Royal Development Corporation (OPDC) of a revenue grant of up to £40,000 under Section 121 of the 1999 GLA Act and the GLA's acceptance of that grant and corresponding expenditure
3. the GLA's acceptance and expenditure of up to £500,000 of additional external income from London boroughs
4. the GLA's expenditure of £500,000 from its own revenue budget for 2023-24 toward Local Area Energy Planning.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Philip Graham

Position: Executive Director, Good Growth

Signature:



Date:

25/09/2023

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Infrastructure Coordination Service (ICS) was created in 2019 following a comprehensive business case¹ and endorsement from the Mayor's London Infrastructure Group (LIG).
- 1.2. MD2386² approved the establishment of the ICS pilot phase, after the GLA Infrastructure team secured £2.87m of funding from the London Lane Rental Scheme Surplus Income³.
- 1.3. Building upon the success and learning from the pilot, the Mayor's LIG endorsed a second phase of the ICS, for which the team secured a further £3.5m grant funding from the London Lane Rental Scheme Surplus Income, approved under MD2735.⁴ Because a key objective achieved in this phase was to establish a diversified funding base, additional income sources were approved through MD2880⁵.
- 1.4. The ICS has become an established programme relied upon within London's infrastructure sector. The members of the LIG, which include utilities and industry regulators, were clear about the strong case for its continuation. The ICS supports the delivery of Mayoral priorities including decarbonisation, reduced road network disruption and affordable housing.
- 1.5. To reflect this, MD3080⁶ approved receipt and expenditure of up to £10m from London Lane Rental Surplus Income over five years to fund ongoing delivery of the ICS, covering staff costs. Unlike in previous phases project costs are required to be funded from other sources (which may include GLA funds earmarked for specific projects). The following paragraphs set out the initial funding sources of this kind.
- 1.6. First, MD3080 included a delegation of authority to the Executive Director of Good Growth to seek and approve the acceptance and expenditure of additional diversified funding sources secured over the period to June 2028. The following three additional external sources of funding have been identified to date, totalling up to £1.048m:
 - subscription fees as a result of the gas and electricity sector's Streetworks Collaboration Incentive (£508,000)
 - a revenue grant (under Section 121 of the GLA Act 1999) from the OPDC to the ICS Development Service (up to £40,000)
 - contributions from West London boroughs to fund follow-on studies that take forward the West London Local Area Energy Plan (up to £500,000).

¹ https://www.london.gov.uk/sites/default/files/md2386_annex_b.pdf

² https://www.london.gov.uk/sites/default/files/md2386_infrastructure_and_development_coordination_unit_-_signed.pdf

³ The Lane Rental surplus income funds innovative projects 'intended to reduce the disruption and other adverse effects caused by street or roadworks'

⁴ <https://www.london.gov.uk/decisions/md2735-infrastructure-coordination-service-preparation-phase>

⁵ <https://www.london.gov.uk/decisions/md2880-infrastructure-coordination-service-expansion-phase>

⁶ <https://www.london.gov.uk/md3080-infrastructure-coordination-service>

- 1.7. Second, the GLA 2023-24 revenue budget provides £500,000 for work on Local Area Energy Plans (LAEPs). As part of the above delegation of authority, this DD requests approval for this funding to be used by the ICS to deliver sub-regional LAEPs in north and south London this year, to undertake supporting work on net zero data, and to cover the cost of two members of staff in the Environment and Energy unit who will be contributing to this work. The ICS intends to complete a final subregional LAEP covering east London next year, funding permitting.
- 1.8. These additional funding sources will support the activities approved under cover of MD3080, with a focus on:
- developing and disseminating best practice
 - upskilling partners so that they can take on aspects of collaboration as part of their business-as-usual activities
 - monitoring and evaluating results to steer the sector toward the most impactful interventions
 - managing the digital tools required for all partners to operate effectively in this space
 - convening otherwise siloed partners to capitalise on efficiencies and economies of scale
 - addressing policy and regulatory barriers to effective infrastructure coordination.

2. Objectives and expected outcomes

- 2.1. The impact of the ICS's work to date has been substantial, with the Streets Service alone already generating nearly £10m in benefits for Londoners. The objectives of the ICS are to provide significant benefits to a broad range of stakeholders:
- *Londoners*: reduced road network disruption, improved public realm and air quality, reduced noise pollution, increased/expedited affordable housing delivery
 - *boroughs*: improved planning for growth/decarbonisation and delivery of strategic targets (such as carbon neutrality), improved quality of roads and public realm, cost savings from collaborative works, improved relationships with businesses, residents, and developers
 - *utility companies*: cost savings through more efficient delivery of works, improved reputation amongst customers, improved visibility of upcoming development
 - *developers*: reduced uncertainty and delay in delivery through support to unblock infrastructure challenges, improved information for planning and understanding of constraints, opportunities to collaborate and reduce costs.
- 2.2. The ICS plays an important role in supporting decarbonisation in line with the Mayor's Net Zero by 2030 target⁷, through the preferred 'accelerated green' pathway. This accelerated target has impacts on London's infrastructure and utility providers, who will need to make crucial investment decisions and significant physical changes to their assets to meet the 2030 goal. The ICS has the technical capabilities and existing relationships to support this.
- 2.3. Expected outputs of this funding match those outlined in MD3080, including delivering at least 25 new collaborative streetworks projects and ensuring at least 75 percent of boroughs benefit from the development of a subregional infrastructure strategy, both by 2025. The ICS will also continue measuring benefits across its service lines; by 2025, the ICS forecasts that it will have avoided over 1,300 days of road network disruption through collaborative streetworks since its inception.

⁷ https://www.london.gov.uk/sites/default/files/london_net_zero_2030_-_an_updated_pathway_-_gla_response_1.pdf

Streetworks Collaboration Incentive:

- 2.4. The ICS, in partnership with London's gas and electricity companies, worked with the Office of Gas and Electricity Markets (Ofgem) to design an innovative financial incentive that encourages utilities to undertake collaborative streetworks with other asset owners across London – reducing repeated works and disruption to Londoners. It first took effect for Cadent and SGN in 2021 and has now been extended to include UKPN in 2023.
- 2.5. As a result, the gas and electricity sectors gain direct financial benefits from collaborative streetworks projects coordinated by the ICS that are not shared by other partners such as water and telecommunications providers. In recognition of this, the GLA has secured a collaborative streetworks fee from Cadent, SGN, and UKPN as a contribution to the GLA's costs of activity in this regard. This will continue to ensure fairness across the industry, covering the GLA's costs to support the gas and electricity sectors so that core grant funding can be reserved for ICS work that benefits stakeholders equally. These contributions will be in place up until 1 January 2025, at which time arrangements will be reassessed.

Revenue Grant from OPDC

- 2.6. Under cover of MD2971⁸, the OPDC made a revenue grant of £60,000 to the GLA in 2022 to enable the GLA to test out the offer of the ICS Development Service, treating OPDC as a case study. This work also helps the OPDC to identify and map its existing utilities network and forecast future requirements for Western Lands including early delivery sites in the wider OPDC area.
- 2.7. As part of this test of its services, the GLA has provided technical support to the OPDC as it undertook an LAEP, which linked into the wider work the ICS was undertaking to complete a subregional west London LAEP with nine boroughs.
- 2.8. Because of the timing of the west London LAEP, the GLA's technical support would benefit from an extension to Autumn 2023, so that the outcomes of the recently completed subregional LAEP can be factored into OPDC's local LAEP. A further revenue grant under Section 121 of the GLA Act 1999 is therefore proposed to be made by OPDC and received by the GLA. The original revenue grant was in place until 30 March 2023.

West London LAEP follow-on studies

- 2.9. As mentioned above, the ICS has recently undertaken its first subregional LAEP, which brought together nine boroughs to jointly study the best way to decarbonise the energy system in west London. The final report suggested a number of additional subregional studies that would benefit the boroughs by translating these high-level findings into more detailed roadmaps for on-the-ground delivery.
- 2.10. The west London boroughs have now agreed to contribute to the ICS (£25,000 per borough) so that it can continue convening these boroughs to undertake the additional studies required. This will cover two years of work, concluding in Autumn 2025.

Subregional Local Area Energy Planning

- 2.11. Following the initial West London subregional LAEP, the ICS, in partnership with the Energy and Environment unit, intends to deploy a clearer, more strategic, and better coordinated approach to LAEP delivery across London. This model is intended to reach all London boroughs through three additional subregional LAEPs (covering stages 1-4 of the LAEP process), as set out in para 1.7; and to provide the necessary data and digital tools for boroughs to take forward the final stages of an LAEP in their local context.
- 2.12. The work done on LAEPs will support the scale of change needed to achieve Net Zero by 2030, translating the Mayor's target into on-the-ground action.

⁸ <https://www.london.gov.uk/decisions/md2971-opdc-grant-payments-tfl-and-gla>

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, the Mayor and GLA are subject to the public sector equality duty and must have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. The “protected characteristics” are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage/ civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to: remove or minimise any disadvantage suffered by those who share or is connected to a protected characteristic; take steps to meet the different needs of such people; encourage them to participate in public life or in any other activity where their participation is disproportionately low. This can involve treating people with a protected characteristic more favourably than those without one.
- 3.3. In line with the Mayor’s ambitions, the ICS aims to improve all Londoners’ access to essential services, housing and the city. Reducing disruption on the road network creates benefits such as reduced noise and air pollution, which are particular issues in neighbourhoods with the most vulnerable residents. Increasingly, we are seeing that these collaborations produce a positive impact for a diverse group of beneficiaries, including residents and businesses.
- 3.4. Infrastructure and development work often reduces the accessibility of roads and the public realm, having a negative impact on several groups with protected characteristics. The ICS aims to minimise impacts upon these groups and to ensure their needs are considered wherever possible at an early stage of project planning. Reducing the duration of streetworks by working collaboratively will also help improve accessibility across London. The ICS looks to reinstate roads in a better condition than before, with healthy streets interventions that improve the quality of London’s public realm to ensure it caters to the needs of all Londoners, but particularly those with protected characteristics for whom navigating roads is otherwise a challenge.
- 3.5. The GLA Infrastructure Team convenes the Infrastructure Advisory Panel and Young Professional’s Panel to advise on our work. Both panels bring together a diverse range of leaders in the infrastructure sector to contribute to, challenge and inform the infrastructure team’s work programme. This ensures the ICS’s contributions are informed by diverse perspectives. The wider GLA Infrastructure Team also delivers school outreach and reciprocal mentoring programmes aimed to improve EDI in the infrastructure sector—making use of ICS expertise and relationships to do so.

4. Other considerations

- 4.1. Risk assessment – note that this covers risks related to ICS service delivery, rather than solely receipt of income:

Risk	Mitigation / Response	Probability	Impact	Overall
Stakeholder expectations not met, resulting in reputational risk to the GLA	- longstanding partner involvement in designing work programme to ensure aligned expectations - agreement of a comprehensive work programme with clear delivery targets - dedicated Engagement & Delivery team focused on communicating projects and initiatives on an ongoing basis	LOW	HIGH	AMBER

	frequent updates to the Mayor's London Infrastructure Group and Lane Rental Governance Committee and Secretariat			
Financial risk to the GLA should income not be received from additional external sources	- because Lane Rental Funding already covers all staff costs over the next five years, were challenges to arise with other funding sources, this would not put the GLA at risk because it would impact only programme spend, which can be adjusted as required to reflect additional funding sources - cultivating other sources of funding in this five-year period will continue to diversify the ICS's income going forward	LOW	MEDIUM	GREEN
Project milestones are not met, or are not met on time	- teams are in place with dedicated resources to ensure work is kept on track and to budget - given reliance on external partners for some projects, an agile project management approach will also be used to allow for flexibility and adaptability	LOW	MEDIUM	GREEN
Aspects of the project do not deliver expected benefits	- a strong evidence base has already been collected on the benefits - extensive monitoring and evaluation will allow the team to assess ongoing benefits and the work programme will be adjusted accordingly	LOW	HIGH	AMBER
London boroughs do not engage fully in subregional LAEP delivery	- initial West London subregional LAEP demonstrated strong interest and engagement by the nine boroughs involved - mirroring the West London subregional LAEP, a 'lead borough' will be selected for each LAEP area that is responsible for ensuring engagement from the others - this work programme has been incorporated into London Council's Renewable Power for London workstream, which is committed to achieving buy-in from boroughs for this work, including through engaging subregions effectively	LOW	HIGH	AMBER

4.2. Links to Mayoral strategies and priorities:

Strategy	Links
London Recovery Mission – A Green New Deal	- Engage with asset owners in London to influence the building and maintaining of green infrastructure, such as district heating networks and sustainable urban drainage systems. - Work with stakeholders to reduce environmental impacts from infrastructure works, such as air pollution, and limit disproportionate impacts on vulnerable Londoners.

	• Support the creation of new jobs and skills in London's green economy.
Environment Strategy	• Help improve London's air quality by reducing congestion on roads and reducing vehicle movements associated with construction. • Improve the efficiency of London's energy and water distribution networks, by improving coordination and master planning between providers, and between providers, boroughs, and developers. • Help to reduce disruption such as ambient noise associated with construction, through improving the efficiency and speed of construction and road occupancy. • Increase the amount of sustainable drainage, prioritising greener systems across London in new development, and retrofit solutions. • Work with stakeholders to improve London's sewerage system so it is sustainable, resilient, and cost effective, and makes best use of innovation. • Reduce risks and impacts of flooding in London on people and property and improve water quality in London's rivers and waterways. • Promote circular economy approaches to construction where possible.
Transport Strategy	• Minimise disruption on roads and reduce the number of vehicle movements associated with construction. • Integrate healthy streets interventions in collaborations to improve the quality of roads for all users.
Housing Strategy	• Help to prevent costly delays and unforeseen costs associated with poor infrastructure planning on development sites. • Help to reduce the overall cost of infrastructure to developers. • Help to improve viability of development.
The London Plan	• Help developers and infrastructure providers make the best possible use of land, by encouraging the use of utilities master planning; developing innovative approaches to co-location of assets; and preventing costly retrofitting. • Help to accelerate housing delivery in areas of London that are poorly served by existing infrastructure. • Increase the efficiency and resilience of infrastructure assets and developments through earlier engagement with providers; and facilitate investment ahead of demand in utilities infrastructure.
Economic Development Strategy	• Reduce the impact of congestion and construction on London businesses and residents, to ensure that London's economy continues to grow productively. • Ensure that London remains a world leader in planning and delivering new infrastructure, as well as maintaining existing infrastructure and promoting positive perceptions of the city internationally.
The Mayor's Equality, Diversity and Inclusion Strategy	• Work with partner organisations to improve diversity and inclusion across the infrastructure sector.

4.3. No one involved in the drafting or clearance of this document has any conflicts of interest to declare.

5. Financial comments

- 5.1. Approval is sought for receipt and expenditure of up to £1.048m to be used against programme expenditure in alignment with priorities stated in MD3080:
- fees from the gas and electricity sector's Streetworks Collaboration Incentive (£508,000)
 - a revenue grant from the OPDC to the ICS Development Service (up to £40,000)
 - contributions from West London boroughs to fund follow-on studies that take forward the West London LAEP (up to £500,000).
- 5.2. Fees from the gas and electricity sector's Streetworks Collaboration Incentive of £508,000 will be secured via various legal agreements. The GLA will receive £96,700 per supplier annually for 21 months, between April 2023 and December 2024, from Cadent, SGN and UKPN, totalling £508,000.
- 5.3. The OPDC revenue grant to the ICS Development Service will be agreed through this DD, to extend existing support the ICS is providing to OPDC in order to test the ICS Development Service.
- 5.4. Contributions from West London boroughs to fund follow-on studies will be secured through agreements with the relevant boroughs and West London Alliance. The funding will cover two years of work, totalling up to £500,000.
- 5.5. Approval is also sought to spend £500,000 GLA revenue budget from within the Infrastructure budget for 2023-24 to deliver subregional LAEPs; data improvement and digital tools to support this delivery; and funding of two Environment and Energy team posts.
- 5.6. The above does not require creation of additional posts, because all ICS posts were already created and funded through CO454 and MD3080; and the Environment and Energy posts have been handled separately through CO513.
- 5.7. The expected profile of the expenditure and income for these programmes is shown in the table below:

	2023-24	2024-25	2025-26
Expenditure			
North and South LAEP reports	£300,000		
LAEP digital tool / data support	£66,000		
Environment team posts	£134,000		
West London Follow-on studies	£125,000	£250,000	£125,000
Streetworks collaboration expenditure	£290,000	£218,000	
GLA technical support to OPDC	£40,000		
Total	£955,000	£468,000	£125,000

Funding Source			
Fees from Streetworks Collaboration (Cadent, SGN, UKPN)	£290,000	£218,000	
OPDC Grant	£40,000		
Borough contributions	£125,000	£250,000	£125,000
GLA Revenue Budget	£500,000		
Total	£955,000	£468,000	£125,000

- 5.8. All relevant budget adjustments will be made.

6. Legal comments

- 6.1. Section 121 of the Greater London Authority Act 1999 (the “Act”) provides that a functional body, such as the OPDC may, with the consent of the Mayor (whereby such consent may be exercised by the Director of Good Growth as the revenue grant from the OPDC does not exceed £150,000), pay a grant towards meeting revenue expenditure incurred or to be incurred by the GLA and/or another functional body, such as TfL, for the purposes of, or in connection with, the discharge of the grant recipients’ functions.
- 6.2. It should also be noted that the only condition which may be placed upon the award of such funding is that it may only be used to meet revenue expenditure incurred in the discharge of the grant recipient’s functions.
- 6.3. The foregoing sections of this report indicate that the decisions requested of the Executive Director of Good Growth in accordance with their delegated authority granted under MD3080 concern the exercise of the GLA’s general powers; falling within the GLA’s statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development and the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA’s related statutory duties to:
 - 6.3.1. pay due regard to the principle that there should be equality of opportunity for all people
 - 6.3.2. consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
 - 6.3.3. consult with appropriate bodies.
- 6.4. There are restrictions under section 31 of the Greater London Authority Act 199 (GLA Act) on the GLA incurring expenditure on doing anything which may be done by Transport for London (TfL). To the extent that anything proposed in this decision might be done by TfL, under section 31(6) of the GLA Act, these restrictions do not prevent the GLA co-operating with, or facilitating or co-ordinating the activities of, TfL.
- 6.5. In taking this decision, the Executive Director of Good Growth should have due regard to the public sector equality duty under section 149 of the Equality Act 2010, namely, the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. This requirement is addressed at section 3 above.
- 6.6. All procurements of works, services and supplies required for the project must be procured in accordance with the GLA’s Contracts and Funding Code (the “Code”) and, where the value exceeds £150,000, in accordance with the Public Contracts Regulations 2015 (the “Regulations”). Furthermore, the officers must liaise with Transport for London’s procurement and supply chain team, which will determine the detail of the procurement strategy to be adopted in accordance with the Code and the Regulations. Officers must ensure that appropriate contractual documentation be put in place and executed by chosen service provider/supplier and the GLA before the commencement of the attendant works, services or supplies.

7. Planned delivery approach and next steps

Activity	Timeline
OPDC support undertaken by ICS Development Service	Summer/Autumn 2023
Collaborative Streetworks Incentive agreements signed	Autumn 2023
Procurement of LAEP subregional strategies complete	Autumn 2023
Procurement of LAEP digital tool / data support complete	Autumn 2023
West London borough agreements in place for LAEP follow-on studies	Autumn 2023
North and South London LAEP reports complete	Spring 2024
LAEP digital tool / data support delivered	Spring 2024
West London follow-on studies complete	Autumn 2025

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Simona Webb has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Elliot Treharne has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 25 September 2023.

✓

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:



Date:

25/09/2023