

REQUEST FOR DIRECTOR DECISION – DD2581

Title: Infrastructure Coordination Development Service Additional Income

Executive Summary:

The GLA's Infrastructure Coordination Service (ICS) is seeking approval to receive and spend up to £500,000 of additional income in fees paid by developers for the Development Service.

The Mayor, under cover of MD2880, approved receipt and expenditure of an initial £100,000 for the Development Service. The Mayor also delegated authority to the Executive Director of Good Growth to seek and approve the acceptance and expenditure of additional diversified income secured during the ICS expansion phase.

The additional income from developer fees relates to an update in the scope of the Development Service to meet the market need and achieve objectives around unlocking housing delivery and reducing disruption. Through the updated scope, developers will be paying an annual subscription via an initial 14-month trial to receive support at various stages throughout the development process, aimed at streamlining how developers, boroughs, utilities and telecoms communicate surrounding the infrastructure connections process. Boroughs and other public sector authorities may also pay for the subscription in their capacity as housing developers.

The additional funding will support activities already approved under cover of MD2735 for the ICS expansion phase that were contingent on receiving further income.

Decision:

That the Executive Director of Good Growth approves:

1. the GLA's acceptance and expenditure of up to £500,000 of additional income through developer and borough/public sector authority fees via the ICS Development Service, to cover staff and programme costs of delivering the service.

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:

12/4/22

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. London has the potential to plan, programme and deliver its pipeline of infrastructure and development activity in a more coordinated way. With the need to reduce road network congestion, ensure London can respond to the current climate emergency and plan for future growth, senior leaders in the infrastructure sector recognise the GLA as the most appropriate organisation to drive forward this coordination in the capital, given its convening power and its ability to broker agreement between the different parties involved in or affected by infrastructure delivery.
- 1.2. Based on a comprehensive business case, the Mayor's London Infrastructure Group (LIG) endorsed the creation of the Infrastructure Coordination Service (ICS), under cover of MD2386, to improve planning and delivery of infrastructure and development activity across London, coordinating between infrastructure providers, Transport for London (TfL), boroughs and developers. After securing £2.87m of grant funding from London Lane Rental Scheme Surplus Income, the initial ICS pilot phase ran for two years to June 2021. The pilot phase was composed of three interrelated service lines: Streets, Planning and Development.
- 1.3. Based on the pilot phase results, the Mayor's LIG endorsed a second phase of the ICS to deliver more projects, refine initiatives, and develop a longer-term strategy for the future of the service. The Mayor approved, under cover of MD2735, establishment of the ICS expansion phase¹ with £3.5m grant funding from the London Lane Rental Scheme Surplus Income to cover core expenses.² The expansion phase runs from July 2021 to June 2023.
- 1.4. Part of the GLA's commitment in the expansion phase is to diversify funding sources, securing income streams in addition to core grant funding so that it can meet its ambitious targets. As part of this, the Development Service established an offer for developers. The Mayor approved, under cover of MD 2880, the receipt of initial fees of up to £100,000.
- 1.5. Following engagement with the sector to refine activities and scope so that they meet the GLA's objectives and serve the needs of developers, utilities, boroughs, and others, the Development Service has received considerable interest from developers to sign up for a subscription model for a 14-month trial that is expected to bring in up to £500,000 of additional income through to 30 June 2023.
- 1.6. The Development Service builds regular and consistent channels between developers, utilities and London boroughs. It will also now apply a strategic area-based approach, enabling more transparency of infrastructure capacity and requirements, and providing a forum for escalation and resolution of issues from all participating organisations.
- 1.7. This new subscription model is part of the effort to diversify funding for the ICS in advance of June 2023, when the expansion phase ends. The ICS is currently developing a plan for a stable and

¹ The MD referenced the 'preparation phase', but this name has now changed to the 'expansion phase'.

² The Lane Rental surplus income funds innovative projects 'intended to reduce the disruption and other adverse effects caused by street or roadworks'.

sustainable ICS after June 2023, with the right funding mix, structure and service offer so that it can continue to deliver benefits in the long term.

2. Objectives and expected outcomes

- 2.1. The ICS Development Service aims to streamline how developers interface with local infrastructure networks, which can often cause delays to housing delivery. It has already embedded infrastructure coordinators into a number of boroughs and within the GLA, where they have offered a consultancy-style service to developers to help resolve these issues.
- 2.2. Initially, five infrastructure coordinator posts were established within boroughs—although they work on projects across London. These experts have already supported 48 projects, which have been welcomed by industry. Boroughs have recognised both the need to unblock infrastructure barriers to housing delivery and the benefits of embedding an infrastructure coordinator.
- 2.3. The Development Service was initially established using core grant funding, with the intention that developer fees paid to coordinators would cover their costs in time and allow the ICS to add additional coordinators.
- 2.4. Following a process to refine the scope of the offer to better serve developers, utilities, boroughs, telecoms, and others, and ensure the service meets its original objectives, the Development Service is launching a 14-month subscription trial that is expected to bring in up to £500,000 in income from developer fees over the course of the rest of the expansion phase (until June 2023).
- 2.5. The trial will be monitored and evaluated throughout to determine if it is meeting the needs of developers, boroughs, utilities, and other stakeholders; to confirm its financial viability; and to determine the impact the service has had to streamline infrastructure provision across projects. If the service is deemed successful, it will be incorporated into future phases of the Infrastructure Coordination Service following June '2023.
- 2.6. The income will be used to cover the full cost of the service, including costs of staff engaged in delivering the service both at the GLA and placed at boroughs, as well as to undertake monitoring and evaluation and procure any additional technical expertise required. This income will cover the full costs of the service and any changes, including additional staff, will follow the GLA governance processes accordingly.

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 like reducing noise and improving air quality, which are particular issues in neighbourhoods with the most vulnerable residents. Increasingly, we are seeing that these collaborations produce positive impact for a diverse group of beneficiaries, including residents and businesses.
- 3.4. The ICS also plans proactively for high growth areas so that new housing can be delivered without infrastructure challenges becoming a barrier. Building affordable homes for Londoners benefits the most vulnerable.
- 3.5. Infrastructure and development works often reduce 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 actively ensure their needs are considered wherever possible at an early stage of project planning. Reducing the length of time of streetworks by working collaboratively will also help improve accessibility across London. The ICS looks to reinstate roads better 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.
- 3.6. The Infrastructure team works with the major stakeholders involved in these activities—London's utilities—to improve diversity and inclusion in the industry. These companies have committed to four pledges, which include: improved data collection on workforce diversity, inclusion, and wellbeing; and outreach to schools to bring more diverse candidates into the workforce. As a result of this, many utilities companies in London are participating in the Workforce Integration Network Design Lab initiative to bring young black men into work. Efforts like these will continue throughout the expansion phase.

4. Other considerations

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

Risk	Mitigation/response	Probability	Impact	Overall
The number of projects and input required by subscribed developers outweighs the team's resourcing	<ul style="list-style-type: none"> Coordinators' timesheets will be reviewed on a monthly basis, with regular analysis of input requested versus time available. Consideration will be given to peaks and troughs in the trial period workload. As part of the Service Agreement with developers, we have outlined regular feedback sessions on the service, where we will flag any resourcing limitations to all clients. Regular 1:1 meetings with the coordinators have been set up to 	Medium	Medium	Amber

	<p>understand their resourcing feedback.</p> <ul style="list-style-type: none"> Any excess income over the cost-recovery value will be re-invested into the resourcing of the service. We can be flexible within the wider Infrastructure Coordinator Service around resourcing, if required. These steps should ensure both developers are receiving sufficient support on their projects and that coordinators are not being over-resourced. 			
Future coordinator recruitment does not yield correct skillsets	<ul style="list-style-type: none"> Through the initial phases of the Development Service, and from the independent evaluation report it has become clear what specific skills are required for any future infrastructure coordinators. These include engineering experience, client facing capability, good mediation skills and experience in business development. We have and will continue to take on coordinator (and client) feedback on further specialisms, within these areas that may be required going forward. We will use all recruitment channels available to us, including Public Practice and reaching out to the Mayor's Infrastructure Advisory Panel to advertise posts widely. 	Low	Medium	Green
Insufficient input from stakeholders to unlock issues.	<ul style="list-style-type: none"> The team have included the major utilities teams, boroughs, and TfL in the re-scoping of the new service, incorporating their requirements and gaining their support. We have established key points of contact within each major utility, who are all supportive of the service and have mutual goals of unlocking challenges. We are due to present to the Mayor's London Infrastructure Group in April '22 to garner further buy-in. 	Low	High	Amber
Development Service fees do not cover the cost of	<ul style="list-style-type: none"> Extensive engagement with Developers, Housing Associations and Boroughs has generated significant interest in the service. 	Low	High	Amber

infrastructure coordinators	<p>Current analysis suggests that the service will be able to recover costs.</p> <ul style="list-style-type: none"> • The trial period will launch <i>after</i> subscriptions are agreed, making this risk unlikely. 			
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4.2. Links to Mayoral strategies and priorities:

Strategy	Links
Environment Strategy	<ul style="list-style-type: none"> • 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 ambient noise associated with construction, through improving the efficiency and speed of construction and road occupancy. • Promote circular economy approaches to construction where possible.
Transport Strategy	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 £500,000 via the Infrastructure Coordination Service Development Service.
- 5.2. Developers will sign up to the subscription via a Service Agreement drafted by TfL Legal. The fees will be used to cover costs and invest in the progression of the service.
- 5.3. The subscription rates for developers, housing associations and boroughs have been calculated to cover the costs of delivering the service. As the service progresses our ambition is for more developers to sign up to the service, improving collaboration and pro-active engagement between teams. Any subscription fees that exceed the existing cost of running service will be re-invested back into the service, for example to recruit further coordinators to meet increasing industry demand.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Executive Director in accordance with their delegated authority granted under MD2880 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:
 - 6.1.1. pay due regard to the principle that there should be equality of opportunity for all people;
 - 6.1.2. 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; and
 - 6.1.3. consult with appropriate bodies.
- 6.2. There are restrictions under section 31 of the 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) these restrictions do not prevent the GLA co-operating with, or facilitating or co-ordinating the activities of, TfL.
- 6.3. In taking this decision, the Executive Director 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.
- 6.4. 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

7.1. These timelines are captured below:

Activity	Timeline
Trial subscription agreements signed	April 2022
Trial service launches	May 2022
Delivery of trial service with ongoing evaluation	May 2022-June 2023
Final evaluation and next steps identified	April-June 2023
Delivery End Date	June 2023

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:

Tim Steer 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 11 April 2022

✓

EXECUTIVE DIRECTOR, RESOURCES: Anna Casbolt on behalf of David Gallie

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

Signature



Date

11/4/22