

infrastructure
cōrdination
streets

RIIO-GD2 Collaboration Incentive

Guidance Document for Prospective Applicants

Purpose

The purpose of this document is to provide guidance to prospective applicants wanting to make use of the Collaboration Incentive, contained within the RIIO-GD2 network price control, for [Collaborative Streetworks](#).

The following guidance provides information on the two different routes available to access the financial reward, the qualifying criteria for applicable schemes and how to complete the relevant application form. This document also sets out the approval process for applications and the confirmation of approved projects.

Context

The Mayor, with backing and funding from industry, set up the Greater London Authority's (GLA's) Infrastructure Coordination Service (ICS) to support better coordination of infrastructure planning and delivery in London. By working with utility providers, highway authorities, telecoms, and other infrastructure providers, the ICS's Streets Service has been supporting industry stakeholders to collaborate and align works with the aim of driving efficiencies and minimising disruption. The benefits of collaboration include a reduction in overall disruption to local London residents and businesses, a reduction in the frequency and duration of streetworks, as well as wider environmental and societal benefits.

Significant support is needed among collaborating parties to ensure that works promoters can align programmes, adjust timelines and procure contractors to allow multi-utility projects – or “collaborative streetworks” – to succeed. Every street presents a unique set of challenges, which is why the GLA's Streets Service supports the development of collaborative design and construction methodologies, whilst monitoring and evaluating the outcomes for future development.

Wider efforts have centred on innovative regulation. Ofgem and the GLA are working closely with gas companies to help create and strengthen the structures in place so that collaborative working can be adopted and taken forward. Therefore, GLA's Infrastructure Coordination Service – with support from industry – set out the benefits for an incentive that would promote collaborative streetworks, which was put forward by gas companies in their business plans.

Ofgem approved the Collaboration Incentive starting in 2021 and brought forward an approach that seeks to consider wider costs and benefits for customers, residents and the wider economy, ensuring that collaboration is embedded as business as usual. Ultimately, Ofgem, the GLA and gas companies have come together to influence the course of multiple capital investment schemes within the gas sector.

Overview of Incentive

To reduce the disruption associated with streetworks, the Collaboration Incentive has been designed in RIIO-GD2 to encourage the gas distribution network companies in the Greater London area – SGN, Cadent London and Cadent East of England – to engage in collaborative streetworks with other utilities and infrastructure providers in Greater London.

The Collaboration Incentive is a financial, reward only, Output Delivery Incentive (ODI). The ODI will be managed and processed by Ofgem as per the usual regulatory reporting procedure. Applicants will be able to refer to the Ofgem guidance document and submit relevant information using the designated template, which forms part of the annual regulatory reporting pack. Applicants are required to submit the reporting pack to Ofgem every year by the end of June for the preceding financial year (April-March). The reporting procedure will be the same for both “Minimum Qualifying Criteria” and “GLA Strategic Importance Criteria” schemes. However, the GLA will provide written confirmation of which schemes meet the “GLA Strategic Importance Criteria”, which gas companies will be able to include in their regulatory reporting.

The applicable gas distribution network companies will be able to secure the Collaboration Incentive via two distinct routes. For schemes to qualify for the Collaboration Incentive, either the “Minimum Qualifying Criteria” or the “GLA Strategic Importance Criteria” will need to be met.

Minimum Qualifying Criteria




All of the following minimum criteria will be required by Ofgem for collaborative streetworks to automatically qualify for the Collaboration Incentive.

No.	Description	Justification
1	Two or more collaborating infrastructure providers	A minimum of two collaborating infrastructure providers must be involved in the scheme for it to qualify.
2	Permanent solution	The scheme must represent a permanent solution for that specific street or asset, to ensure that the infrastructure is maintained for the medium to long term. Emergency and temporary repairs may need to be analysed further as to whether they deliver a permanent solution.
3	Level Two collaboration	A Level Two collaboration must have taken place at a minimum as detailed in the Collaboration Manual . This will involve collaboration on Work Timing and Customer Communication at a minimum.
4	2021-2026 delivery period	The scheme must be completed by the end of RIIO-GD2.
5	200m alignment	The collaboration scheme must have 200 metres or more of overlap. A series of examples, along with supporting clarification, have been provided in the following section for reference.

If all the above requirements are met, the gas network distribution companies can assume that the Collaboration Incentive will apply automatically. For the financial reward to be confirmed, the applicant will need to complete the standard reporting process with Ofgem. The GLA does not need to be engaged in this process. However, the gas companies are encouraged to engage the GLA during scheme planning and delivery to support best practice through joint communications, to build learning through monitoring and evaluation of these schemes, and as a courtesy to keep the GLA informed of the collaborations they are undertaking. (See ‘Monitoring and Evaluation’ below for further information.)

Examples of Minimum Qualifying Criteria

Illustrated examples are provided below. These are in reference to configurations of schemes with 200 metres of alignment (*no. 5 Minimum Qualifying Criteria*).

Example	Length (m)			Qualifies	Justification
	Gas	Other	Collaborative		
1. Multiple parallel gas assets within same road space 	200 (2x100)	100	100	✓	Total length of replacement gas assets should be considered.
2. Multiple 200m sections in single collaboration 	800	800	800	✓	Single incentivisation to be awarded resulting from expectation that scheme be planned, designed and delivered, thus realising efficiencies and without attempt to 'game' qualifying criteria.
3. Multiple 200m gas assets parallel to single water/electricity asset 	200 (2x100)	200+	200	✓	Subtle difference to Example 2. – single incentivisation.

Strategic Importance Criteria

Where the minimum criteria described above has not been met in relation to Requirement No.5, the Applicant’s scheme may still qualify for the Collaboration Incentive if there are grounds to consider the scheme to have met “Strategic Importance Criteria” laid out by the GLA.




The Strategic Importance Criteria have been developed from the cumulative experience of the GLA’s Streets Service. These situations have been deemed to be strategic due to their scale of benefit to Londoners, their potential to promote knowledge sharing or because they may contribute to wider learnings.

Gas network distribution companies should identify schemes that may meet at least one of the below five criteria, which will be used by the GLA to determine whether the incentive should apply (in situations where the 200-metre alignment requirement has not been initially met).

No.	Description	Explanation
1	Location of historic leakage and/or bursts	Importance given to areas that have suffered from poor infrastructure in the past and are likely to cause continued disruption without intervention.
2	Planned public realm scheme	Schemes that are taking place in advance of planned public realm scheme.
3	Strategic location	
3-A	Air pollution	Particular sensitivity to locations that include schools.
3-B	Congestion	Considerations around locations that may feature hospitals, fire stations, ambulance stations.
3-C	Network disruption in locations close to transport hubs and stations	Consideration given to sensitivities related to works happening close to transport hubs and stations, and related impacts/disruption.
3-D	Other	Additional relevant examples of strategic locations may be considered.
4	Borough Boundary	Where there is sufficient and relevant proximity to a borough boundary, certain aspects of the collaboration (such as the traffic management) may be more complex or may affect a wider area.
5	Learning	Some schemes may offer opportunities to develop best practice and capture lessons learnt from the specific methodology applied, relevant innovation, or application of technology.

Examples of Strategic Importance Criteria

Below are a series of examples of schemes that do not meet the Minimum Qualifying Criteria in relation to length, but where the Applicant’s scheme may still qualify for the Collaboration Incentive if there are grounds to consider the scheme to meet Strategic Importance Criteria. Please note that this is not an exhaustive list.

Example	Length (m)			Qualifies	Justification
	Gas	Other	Collabora- tive		
3. Strategic location - Proximity to transport hub 					
4. Borough boundary 	<200	<200		🔍	GLA discretion
5. Learning – Alignment with SuDS intervention 					

Process

The below process is only expected for self-identified opportunities (meaning those identified by utilities without GLA involvement). Should the ICS identify a scheme aligning with the Strategic Importance Criteria (e.g. through regular IMA sweeps and opportunity packs), this will be shared with the relevant works promoter. In these cases, the ICS will guarantee that the scheme will be approved in the next committee session. Any guarantees will be based on assumptions that no major changes take place that would affect the original collaboration. An application form does not need to be submitted if the scheme was identified and guaranteed by the ICS.

Step	Stage	Description
1	Self-assess	Gas network distribution companies self-assess using guidance provided in this document.
2	Decision to apply	Scheme in question is determined not to meet Ofgem's automatically qualifying criteria and gas network distribution companies seek decision from GLA based on strategic importance criteria.
3	Complete application	The Collaboration Specialist is responsible for completing the application to ensure it is fit for purpose.
4	Review & submit the application	The relevant Sponsor offers internal approval before the application is submitted to the GLA's Infrastructure Coordination Service.
5	First stage review	The GLA's ICS will review whether the form has been completed correctly.
6	First stage approval	The GLA's ICS will undertake an initial analysis of the information and schemes in question prior to the Committee.
7	Committee session	The Collaboration Specialist will present the scheme's key details and make the case for why the scheme meets the criteria, referring to the submitted application. The GLA's ICS will request further information if needed during the Committee.
8	Decision	The GLA's ICS will confirm whether the scheme has met the criteria after the committee.
9	Letter of confirmation	A letter will be provided by the GLA's ICS to confirm the relevant schemes that meet the criteria for the Collaboration Incentive.

Monitoring and Evaluation

The GLA will continue to monitor and evaluate collaborative projects to ensure findings and best practice are shared across all sectors. Through June 2023, the GLA is available to conduct consistent analysis of the schemes that are put forward to Ofgem for the Collaboration Incentive – even those that the utilities identify and that automatically qualify for the incentive. This service is included in the 2-year subscription fees paid by gas companies to the GLA. Arrangements after June 2023 will be determined as part of conversations about the future of the ICS.

The GLA and its suppliers may seek detailed information from utilities relating to schemes that benefit from the Collaboration Incentive for the purpose of monitoring and evaluation as well as gathering wider learnings. This may include programme and design information, cost-sharing breakdowns and other relevant data.

Monitoring and evaluation will be provided annually in time for gas companies' submissions to Ofgem by end of June.

Governance

All applications will need to be presented to the GLA Collaboration Incentive Governance Committee.

The GLA Collaboration Incentive Governance Committees will take place on a quarterly basis. Below are the upcoming dates for November 2021 to July 2023:

Session	Submission Date	Governance Committee Date
1	30 November 2021	10 December 2021
2	1 March 2022	11 March 2022
3	31 May 2022	10 June 2022
4	30 August 2022	9 September 2022
5	29 November 2022	9 December 2022
6	28 February 2023	10 March 2023
7	30 May 2023	9 June 2023

Application

All applications will need to be presented using the application form. Any unsuccessful application may be presented again in the following GLA Collaboration Incentive Governance Committee session. Any unsuccessful application may be presented only one additional time.

Organisational Overview

For the purpose of this governance process, applicants include the following individuals:

GLA's Infrastructure Coordination Service

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