Streetworks Collaboration

Purpose: This bespoke performance commitment (PC) incentivises Thames Water to deliver streetworks interventions collaboratively through a 'Dig-Once' approach to investment in London, and ultimately increase value delivered to customers and communities.

The 'Dig-Once' approach involves working with the Greater London Authority (GLA), other utility companies and highway authorities in London, to reduce the impact of infrastructure maintenance and renewal work to London's road network, communities, and businesses. The focus of this PC is on water network plus streetworks interventions and will be in line with similar incentive mechanisms for other utilities companies (for example Ofgem's RIIO-ED2 and GD2).

Benefits: This PC increases the wellbeing of customers by reducing the overall number of days of disruption compared to the works being delivered in isolation.

Additionally, the PC delivers the following broader benefits for customers:

- days of disruption saved;
- reduced road user journey time impact;
- positive resident wellbeing impact;
- avoided business losses;
- cost savings to work promoters;
- carbon savings; and
- air quality benefits.

These benefits have been identified through the GLA Streetworks Monitoring & Evaluation tool[1] for collaborative streetworks schemes.

[1] GLA Streetworks Monitoring and Evaluation Tool

Version control

Version	Date of issue	Performance commitment changes
0.1	14/08/2024	Changes to PC can be found in the Technical Appendix[2]. These changes incorporate the feedback from Ofwat through the DD process as well as any queries.
1.0		
2.0		

Performance commitment definition and parameters

1.1 Detailed definition of performance measure

The measure of Thames Water's collaboration is defined as the cumulative number of collaborative projects delivered over the 2025-2030 period.

The 'Dig-Once' approach aims to align the planning and delivery of streetworks in order reduce the overall number of days of disruption as compared to the works being delivered in isolation. Since the inception of the GLA's Infrastructure Coordination Service in 2019, Thames Water has been involved in several pilot collaborative schemes which have saved over 500 days of disruption. This equates to £2.9 million in increased wellbeing benefit to local residents and £0.253 million in journey time saved to road users according to the GLA's Monitoring and Evaluation Tool[3]. To facilitate the 'Dig-Once' approach, process transformation, data collection and management, and additional project management resource are required. In addition, it drives cultural and behavioural change within Thames Water and across utility and local stakeholder partners.

Traditional coordination usually only involves the alignment of already planned works. The forward look provided by the Infrastructure Mapping Application (IMA) allows us to engage with collaborating parties at an early stage, successfully influencing both when and how projects are delivered. This tool has been developed by the GLA and uses a GIS platform to identify the locations of potential collaborative opportunities. Using the IMA, all parties are able to view shared data to regularly identify potential collaborative opportunities. These opportunities are analysed to identify any collaboration potential and procured accordingly.

[2] Streetworks Collaboration Draft Determination – Technical Appendix
[3] GLA Streetworks Monitoring and Evaluation Tool

Partnership members' data teams are in regular contact with GLA data teams ensuring datasets are kept up to date and any new datasets uploaded in a timely manner through the use of API's or the London Data store, thus enabling new opportunities to form part of future sweeps. We have created the business' own data platform that interacts with the IMA, Thames Connect. Thames Connect has an Application Programming Interface (API) allowing free flow of data between the two systems.

The GLA Streets Sponsors Group includes senior representation from London-based works promoters and highway authorities, all of whom are signatories to the IMA data sharing agreement and have been active participants in previous pilot streetworks collaborations. A relevant governance structure and network is thereby already in place, meaning that collaborations with all works promoter types will be in scope of this ODI, not just other utilities.

We are committed to sharing our learnings from delivering work collaboratively with our industry peers. As part of this PC we will commit to hosting a 'lunch and learn' session where we share information on the Infrastructure Mapping Application tool as well as our own simplified version employed in the Thames Valley. We will discuss functionality and minimum requirements. Additionally, we will share case studies with our peers to highlight the costs and benefits of working collaboratively and applying a dig-once approach. We consider the learning opportunities will be two-way, as other companies look to identify value adding collaborative opportunities in areas that differ from London geographically, in terms of population density, and other factors.

Our AMP8 work with the GLA will look at the scalability and the best mechanism to measure, monitor and incentivise their collaborative delivery with the ambition of expanding our collaborative streetworks incentive to cover wastewater network+ and sustainability interventions as BAU in the future.

The criteria defined in the table below (Table 1) must be satisfied for a project to be considered collaborative. The criteria have been retained, with minimal iteration, from Ofgem's RIIO-GD2 and RIIO-ED2 equivalent collaborative streetworks incentives. We consider common drivers are critical for cross-sector alignment, encouraging change and investment in similar schemes.

Table 1: Minimum Qualifying Criteria

No	Description	Justification
1	Two or more collaborating partners	Infrastructure providers, local authorities, or other key stakeholders (e.g., other utility providers, highway authorities, telecoms, etc.) must be involved in the scheme for it to qualify.

2	Permanent solution	A “permanent solution” is the works in which we intend to collaborate on and receive incentive for are such that offer a permanent solution to a network problem. For example, the replacement of a poorly performing main or a new trunk main which improves the network performance in a poorly performing area. 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. This includes emergency and urgent repair work that delivers an enduring solution collaboratively, recognising that the delivery of emergency work can result in significant and long term disruption, for example in the instance of a burst trunk main. This would not be assured by an independent third party. We undertake in-house assurance of all newly laid assets.
3	Collaboration on work timing and customer communications	Qualitative criteria including collaboration on work timing and customer communication, consistent with the definition of a ‘Level Two’ collaboration detailed in the Collaboration Manual[4] must be delivered. Specifically, this includes: - Alignment of work timing, for example scheduling of traffic management; and - A joint customer communication plan (letter drop and joint signage at site).
4	2025-2030 delivery period	The scheme must be completed by the end of AMP8. Completion is achieved when a work stop is sent on permitting application demonstrating that the permit is registered as complete. Highway Authority inspectors go out and check the site has been cleared.
5	200m alignment	The collaboration scheme must have 200 metres or more of overlap with the collaborative partner.

A collaborative project may also qualify for inclusion in this performance commitment where it satisfies the strategic importance criteria, defined below (Table 2), which are aligned the GD2 and ED2 criteria. Satisfaction of one or more of these criteria will be assessed independently by the GLA and is consistent with the application of strategic criteria across other sectors. In recognition of the importance of collaborative

[4] Please see TMS-DD-114 ‘Annex 6 – Collaboration Manual’. Also available at the following link: https://www.croydon.gov.uk/sites/default/files/Collaboration-Manual.pdf; page 21, “2. Paced Collaboration.”

environmental and sustainability measures such as those that deliver sustainable drainage and improved resilience of our water supply service in London, we have incorporated them in the strategic importance criteria (Table 2).

The GLA has validated the proposed strategic importance criteria and confirmed that it will be able to assess schemes and provide monitoring & evaluation support:

Table 2: Strategic Importance Criteria

No.	Description	Explanation
1	Location of historic 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 and/or sustainable urban drainage scheme ('SuDS')	Schemes that are taking place in advance of planned public realm and/or sustainable drainage system 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 a new or advancing technology.

Schemes which we believe satisfy either the Minimum or Strategic Criteria above will be submitted to the GLA through an incentive application form, for third-party assessment. The GLA will issue a letter confirming which schemes have met the incentive criteria at year-end. Further details on assurance processes can be found in section 1.4.

We have included emergency and temporary repairs as it is possible that an incident might provide a material opportunity for collaboration. Delivery of emergency or temporary solutions can in some instances span several months. They can therefore provide opportunity for collaboration and significant benefits to customers, for example through a reduction in traffic disruption, carbon and increase in resident wellbeing.

1.2 Additional detail on measurement units

This is an important mechanism to incentivise collaboration more broadly across all streetworks interventions we deliver, but the PC will focus specifically on water network plus streetworks interventions. Most of these schemes are born out of the IMA and go through a tried and tested process identifying viable opportunities, supporting the collaborative work, then measuring and monitoring the benefits delivered.

We will assess whether a project has been delivered collaboratively by applying the minimum qualifying criteria. Where there is a project that is believed to be collaborative but falls outside the scope of the established criteria it can be submitted through a formal application route to the GLA for independent assessment against the strategic importance criteria. This ensures that some flexibility is maintained to encourage and accommodate innovation in our approach to collaboration as well as specific or unique projects. The company will retain records of its collaborative projects and their assessments.

Once a scheme has been completed the details are fed into the GLA's Monitoring and Evaluation tool. This tool uses the work done by Simetrica | Jacobs in the form of a spreadsheet measuring the social value created through a collaborative approach to streetworks schemes. The tool provides a standardised approach to the costs and benefits delivered by collaborative streetworks schemes in London (e.g., reduced disruption, environmental benefits, cost efficiencies, etc.), with a view to inform the effectiveness and value for money of such schemes. The tool does not automatically assure schemes' eligibility of criteria but does help the GLA when advising and monitoring the performance of collaborations through their incentive committee sessions. Following this process, the GLA uses the M&E tool to capture the benefits/results of all schemes that have met the ODI criteria within RIIO-ED2 and GD2. The GLA intends to have oversight of all schemes submitted to this PC, including both minimum and strategic criteria.

In addition, we are pulling together relevant datasets to enable us to target environmental enhancements that do not currently satisfy either the minimum or strategic criteria. For example, areas that are subject to significant flood risk. We are working with the GLA to align potential programs with other utilities. However, this process is less mature than the streetworks interventions programme targeting a 'Dig-Once' approach and will not form part of this bespoke PC.

We are confident that the same framework that Ofgem agreed as part of the RIIO-GD2 and ED2 ODI on streetworks can be applied to us for PR24. This would generate consistency and ensure that the regulatory process is equivalent for gas, electricity and water. It would also mean we have the same level of incentive to collaborate on projects, for the benefit of all customers in the London area.

1.3 Specific exclusions

This PC excludes streetworks interventions where there is a specific risk or concern that requires delivery exclusively by Thames Water. Also excluded are projects that are partially or mostly complete by the end of AMP8.

We will exclude wastewater networks from the performance commitment only. We will not exclude our wastewater networks from collaborative opportunities that may arise. We will, as part of our work within the collaboration team, seek to identify opportunities where wastewater network interventions can also be delivered as part of our collaborative streetworks.

Whilst areas outside London are not specifically excluded, this PC is targeting a geographical area in London consistent with the area covered by the RIIO-GD2 and RIIO-ED2 equivalent collaborative streetworks measures. Figure 1 (below) shows the geographical boundary where the bespoke PC will operate.

Figure 1: The Streetworks Collaboration PC boundary.

1.4 Reporting and assurance

We confirm that outcome delivery incentive payments will only relate to real performance changes and not definitional, methodological or data changes in PCs.

Our methodology statement outlines the procedures for collecting data and calculating the metric in order to report performance. As with our other PCs, our performance and methodology statement will be subject to the same assurance as part of our annual performance reporting. We complete a risk assessment for each PC and agree a level of appropriate assurance. This will vary from third party through to internal business sign-off, depending on the result of the risk assessment. The scope of assurance required varies by PC and has yet to be formally established and depends on the outcome of Ofwat's determination process.

We will carry out independent internal assurance on the PC methodology and scheme self-assessment reporting. A standard framework and methodology will be established for all projects within the collaborative programme, to assess completion and alignment to the agreed ways of working. Thames Water has also employed a Collaboration Specialist for this workstream. The Collaboration Specialist has implemented new steps in businesses processes to ensure collaborative working is looked at through the lifecycle of a project. They are also the product owner of Thames Connect.

The GLA will provide independent external assurance to confirm which schemes have met the incentive criteria at the end of each reporting year. This will be the reportable figure for the bespoke PC. The governance process is yet to be officially formalised by the GLA but the GLA intends to increase its oversight, including minimum and strategic criteria schemes. In particular, the GLA will retain an enhanced level of oversight on strategic importance schemes. The proposed assurance from the GLA would include;

- a specific guidance document setting out the process for Thames Water to self-assess;
- the establishment of quarterly governance committee sessions to review and approve schemes;
- monitoring and evaluation under the 'GLA Streetworks Monitoring and Evaluation Tool';
- tracking of incentive schemes through the GLA's new Project Portfolio Management ('PPM') tool; and
- an official assessment of applicable schemes at year end, shared with Ofwat.

The GLA's ICS intends to commit to undertaking M&E of all collaborative streetwork projects undertaken in Greater London, both minimum and strategic criteria schemes.

The incentive is proposed to be outperformance only as the GLA is concerned that setting penalties can create perverse incentives to do the easier schemes rather than the best schemes. It is also proposed to be an end of AMP assessment to provide flexibility to allow for alignment with works programmes and focus on the right schemes and not just the easiest schemes to hit an incremental annual profile.

Table 3 Performance commitment definition and parameters

Parameters	
Measurement unit and decimal places	Numerical measure, reported to zero decimals in number of cumulative collaborative projects delivered.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance[5] (This does not negate the requirement to adhere to the TMA 2004)
Timing of underperformance and outperformance payments	End of Period
Price control allocation	100% Water Network Plus
Frequency of reporting	Annual
Any other relevant information	ODI rate applies on a per project basis (rate stated in 2022/23 CPIH prices)
Links to relevant external documents	Referenced within this document and submitted to Ofwat

Table 4 Performance commitment definition and parameters

	Unit	2025-26	2026-27	2027-28	2028-29	2029-30
Performance commitment level	Number, cumulative					20
Standard outperformance cap	Number, cumulative					2,969

Incentive type	Incentive rate (£m/unit)
Underperformance deadband	NA
Outperformance Deadband	NA
Underperformance payment – standard	NA
Outperformance payment – standard for two collaborators	£0.123
Outperformance payment – standard for three collaborators	£0.082

[5] Reward only is appropriate to incentivise supply chain buy-in, encourage local council and other enabling organisations to get involved with less risk, and speed up the development of processes and technologies to support delivery of collaborative projects more broadly.