

## Finance Committee

### Chair's Action

**Date Issued: 8 December 2022**

**Item: Bus Shelter Advertising Concession**

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**This paper will be published once the decision has been made.**

## **1 Summary**

- 1.1 At its meeting on 6 October 2022, the Committee approved unbudgeted Financial Authority and Procurement Authority in the sums set out in the exempt appendix to this paper, for the proposed extension of the Bus Shelter advertising contract.
- 1.2 This paper provides the Committee with an overview of the final negotiated position, with a view to gaining approval to proceed.
- 1.3 The use of Chair's Action is considered appropriate as a decision to progress an extension to the concession is required before the date of the next meeting of the Committee on 8 March 2023.
- 1.4 The members of the Committee are asked to consider the proposal and provide Anne McMeel, as Chair, with their views on or before 5.00pm on Monday 12 December 2022. The contents of this paper and the exercise of Chair's action will be reported to the next scheduled meeting of the Committee.
- 1.5 A confidential appendix to this paper contains supplementary information that is exempt from publication. The information is exempt by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and information which is legally privileged.

## **2 Recommendation**

- 2.1 **The Chair of the Committee, in consultation with available members, is asked to note the paper and the supplementary information in the exempt appendix and approve unbudgeted Financial Authority and Procurement Authority in the sums set out in the exempt appendix to this paper, for the proposed extension of the Bus Shelter advertising contract as described in this paper, in place of the Authorities given by the Committee on 6 October 2022.**

## **3 Background**

- 3.1 The Bus Shelters advertising contract covers advertising across all of TfL's around 4,900 advertising bus shelters. This contract was last tendered in 2014 and is currently due to expire at the end of December 2023. The basis of the contract is a minimum guarantee (MG) payment plus a percentage of all gross revenues generated above the MG.
- 3.2 As described to the Committee, at its meeting on 6 October 2022, our long-term strategy is to let a combined Bus Shelter and Rail contract from March 2025 when our current Rail contract expires. This will give us a stronger presence in the marketplace, allowing us to generate the optimum returns for TfL in the current Out of Home advertising market.
- 3.3 To achieve this, we need to extend our current Bus Shelter advertising contract for a period of 15 months, from end of December 2023 to end of March 2025, to allow for co-termination of these two contracts.

## **4 Commercial Considerations**

- 4.1 The commercial considerations regarding the extension of the Bus Shelter advertising contract, along with the proposals for the contract, are set out in the appendix to this paper.

### **List of appendices to this report:**

An appendix containing exempt supplemental information.

### **List of Background Papers:**

Finance Committee paper on Bus Shelter Advertising Concession, 6 October 2022

Contact Officer: Julie Dixon, Customer Director  
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**Date Issued: 15 February 2023**

**Item: Surface Technology Contract Retender Award**

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**This paper will be published once the decision has been made.**

## **1 Summary**

- 1.1 The purpose of this paper is to seek Procurement Authority for the Surface Technology Contract Retender (STCR) agreements including Automated Traffic Signals (ATS), Variable Message Signs (VMS), Overheight Vehicle Detectors (OVD) and CCTV services.
- 1.2 The use of Chair's Action is considered appropriate as a decision is required before the date of the planned meeting of the Committee in March 2023. This decision is critical to secure an adequate mobilisation period which to ensure supplier readiness to properly commence the works and services for STCR contracts from 1 August 2023.
- 1.3 An appendix is included which contains exempt supplementary information. The information is exempt from publication by paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and information which is legally privileged.
- 1.4 The members of the Committee are asked to consider the proposal and provide Anne McMeel, as Chair of the Committee, with their views on or before 5.00pm on Friday 17 February 2023. The contents of this paper and the exercise of Chair's Action will be reported to the next meeting of the Committee.

## **2 Recommendation**

- 2.1 **The Chair of the Committee, in consultation with available Members, is asked to note the paper and the supplementary information in the exempt appendix and:**
  - (a) **approve Procurement Authority at the amount set out in the exempt appendix for the Surface Technology Contract Retender contracts as described in this paper and the exempt appendix; and**
  - (b) **note that matters for which Procurement Authority is sought above extend beyond the current Business Plan and Budget and provision will, therefore, need to be made in future Business Plans and Budgets.**

### **3 Background**

- 3.1 The Network Management and Resilience team currently manages its supply chain requirements in support of business activities covering street infrastructure inspection, operation, maintenance, renewals and enhancements through several contractual arrangements.
- 3.2 TfL has powers and statutory obligations under the Greater London Authority Act 1999 to act as the Traffic Authority for all traffic control systems in London and is the accountable maintainer and operator of all such systems within Greater London.
- 3.3 TfL has undertaken a procurement process under the Public Contracts Regulations 2015 to retender the contracts for traffic control systems in London, STCR. STCR is looking to replace delivery of the services currently provided under TfL's Traffic Control Equipment Maintenance, Capital Works and Related Services (TCMS2) and CCTV System Maintenance and Related Services (CCTV Outstation) contracts.
- 3.4 TCMS2 and CCTV Outstation are business-critical contracts. The proposal is for several suppliers to be awarded contracts for the supply, installation, maintenance and disposal of the following assets:
  - (a) Automated Traffic Signals: There are over 6,400 ATS sites across London, split roughly 50/50 between junctions and signalled crossings. 2,200 sites are on the Transport for London Road Network and 4,200 are on London borough roads;
  - (b) Variable Message Signs: There are 150 VMS sites within the scope of this contract;
  - (c) Overheight Vehicle Detectors: There are 61 OVD sites within the scope of this contract; and
  - (d) CCTV Outstation: There are 813 CCTV sites across London.
- 3.5 The supply, installation, maintenance and disposal of ATS, VMS and OVD is currently delivered by three suppliers under TCMS2. TCMS2 is geographically split into five areas with two suppliers delivering services in two regions respectively and one supplier delivering services in one region.
- 3.6 The supply, installation, maintenance and disposal of CCTV equipment is currently delivered pan-London by one supplier.
- 3.7 The three TCMS2 contracts and the CCTV Outstation contract will expire on 31 July 2023.
- 3.8 The objectives of the procurement are to:
  - (a) deliver the services which allow TfL to comply with its obligations as Traffic Authority;

- (b) support the Mayor’s Vision Zero aims of nobody killed or seriously injured on our roads by 2041 and nobody killed or seriously injured on or by buses by 2030;
- (c) support the Mayor’s Transport Strategy central aim of 80 per cent of all trips being made on foot, by cycle or using public transport by 2041;
- (d) reduce the operating cost of the assets for the term of the contracts; and
- (e) drive further savings in capital improvement projects.

## 4 Procurement Summary

### Packaging Strategy

- 4.1 Following extensive analysis, it was determined that a change to the geographical split for the delivery of services covering ATS, VMS and OVD could deliver increased value for money. STCR has therefore moved from five geographic areas to three geographic areas. The STCR areas are: North, Central and South London.
- 4.2 Under STCR, CCTV services will be delivered under one contract, as now.
- 4.3 The packaging strategy for STCR is set out in Table 1:

Asset	Area	Lot Name	Awarded Suppliers
<b>ATS, VMS &amp; OVD</b>	Geographical Lots	Lot 1: North	Maximum: 3 suppliers across 3 lots. Note: 2 suppliers across 3 lots if conditions met.
		Lot 2: Central	
		Lot 3: South	
	Combined Lots	Lot 4: North & Central	
		Lot 5: North & South	
		Lot 6: South & Central	
	Framework by Geographical Area	Lot 7a: North	Minimum: 1 framework supplier per sub-lot.
Lot 7b: Central		Maximum: 3 framework suppliers per sub-lot.	
Lot 7c: South			
<b>CCTV</b>	Pan-London	Lot 8: CCTV Outstation	1 supplier

Table 1: STCR Packaging Strategy

- 4.4 Should a combined lot (Lot 4, 5 or 6) be awarded, then the component individual lots (Lots 1, 2 or 3) will be abandoned.
- 4.5 The STCR contract term for Lots 1 to 8 is for an initial term of eight years with options for TfL to extend for up to two additional years, with the exception of the Lot 7 Framework where the contract term will be a maximum of eight years.

- 4.6 Given a significant proportion of the assets are located on London Borough roads, TfL recovers the commensurate level of operating expenditure from the London Boroughs for the maintenance of the assets.
- 4.7 Of the anticipated capital expenditure, it is expected that roughly one third is to be driven by third party requests and, so, recoverable from those third parties such as Boroughs and developers.
- 4.8 The figures in this Procurement Authority request include projected recoverable third-party sums.

### **Evaluation and Supplier Selection**

- 4.9 As part of the tender process, suppliers were required to submit initial tender submissions in March 2022. An iterative process was followed and final tenders were submitted in September 2022. The outcome of the evaluation and recommendations is included in the exempt appendix to this paper.

### **Mobilisation and Contract Readiness**

- 4.10 Learning from the lessons of the current contracts, a mobilisation period of five months has been provided to ensure disruption is minimised when transitioning between contracts. This will follow conclusion of the standstill period, which is scheduled on 28 February 2023, with the full service commencing on 1 August 2023.

## **5 Financial Implications**

- 5.1 Financial Authority for STCR is included in the Business Plan until the end of Financial Year 2032/2033. As this is an operationally critical service, provision will be made in future Business Plans.

### **List of appendices to this report:**

An appendix that contains supplementary information that is exempt from publication.

### **List of Background Papers:**

None

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