

Date: 6 October 2022

Item: Bus Shelter Advertising Concession

This paper will be considered in public.

1 Summary

1.1 This paper provides an overview of the advertising market and how TfL proposes to maximise its revenue from our advertising estate. It seeks unbudgeted Financial Authority and Procurement Authority to extend the current Bus Shelter Advertising concession with JCDecaux. This will ensure the co-expiry in March 2025 our two key advertising contracts which are:

- (a) the Advertising Partnership Agreement (APA) with Global which covers all Rail and Underground advertising; and
- (b) the Bus Shelter advertising concession with JCDecaux.

1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. 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 financial or business affairs of TfL and information which is legally privileged. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

2 Recommendation

2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda and approve unbudgeted Financial Authority and Procurement Authority in the sums set out in the paper on Part 2 of the agenda, for the proposed extension of the Bus Shelter advertising contract as described in this paper.**

3 Background

3.1 TfL currently has two main Out of Home (OOH) advertising contracts. The first covers Rail and Underground and the advertising partner is Global (the Rail contract), and the second covers Bus Shelter advertising and the advertising partner is JCDecaux (the Bus Shelters contract).

3.2 The Rail contract is the largest OOH contract in the UK and covers London Underground, London Overground, Docklands Light Railway, Croydon Tramlink and Victoria Coach Station. The contract was last tendered in 2016 and is due to expire at the end of March 2025. The basis of the contract is a gross revenue share.

- 3.3 The Bus Shelters contract covers advertising across all of TfL's around 4900 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.
- 3.4 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 OHH advertising market.
- 3.5 In order to achieve this, we propose extending 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 the co-ordinated expiry of these two contracts.

4 Commercial Considerations

- 4.1 The commercial considerations regarding the extension of the Bus Shelter contract, along with the proposals for that contract, are set out in the paper on Part 2 of the agenda.

List of appendices to this report:

A paper containing exempt supplementary information is included in the paper on Part 2 of the agenda.

List of Background Papers:

None

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