

Date: 11 July 2024

Item: TfL General Consumable Contract Extension

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to seek Procurement Authority to extend the current TfL General Consumable contract – Hayley Rail Vendor Managed Inventory (VMI) for a maximum period of three years and six months from 1 October 2024 to 31 March 2028.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of TfL and tenderers. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda and to grant Procurement Authority, at the sum set out in the related paper on Part 2 of the agenda, for the extension of up to the maximum available term of the TfL General Consumable Contract, as described in this paper and the related paper on Part 2 of the agenda, giving a total Procurement Authority as set out in the related paper on Part 2 of the agenda.**

3 Background

- 3.1 The pan-TfL framework agreement for the supply of general consumable goods was competitively tendered and awarded to Hayley Rail which commenced on 1 April 2020.
- 3.2 The initial duration of the framework was for four years with an option to extend the Term of the Agreement by a period of up to four years. Procurement Authority was granted at officer level for the sum anticipated be spent over the initial four years only; it was made clear that, should any option to extend the contract be exercised beyond that Authority, Procurement Authority would need to be sought at the Committee's level of authority.
- 3.3 At the end of that four-year period, the contract was extended for a period of six months by agreement with Hayley Rail. Due to underspend at that time, no additional Procurement Authority was required.

- 3.4 TfL proposes to extend the term of the agreement by a further three years and six months until 31 March 2028.
- 3.5 Hayley Rail supply a variety of maintenance materials including fixtures and fasteners, oils and greases, tools and Personal Protective Equipment (PPE) as well as the majority of the coronavirus PPE. This is critical to preserve the day-to-day safety of our services.
- 3.6 Hayley Rail is required to implement a VMI Solution for the supply of Goods, monitor stock levels and re-fill the VMI Items.
- 3.7 Contract Innovation Efficiency is an annual savings target that Hayley Rail have to deliver through innovative initiatives, some examples include:
- (a) reduction in cost of T-Bolts for Central Line Improvement Project doors;
 - (b) reduction in cost of Laundered Bump Caps;
 - (c) reduction in cost of 10ml Flip Top Sanitiser (re-filled pocket size option); and
 - (d) Oil Filtration: Filtered used gearbox oil to be used again (further details below).
- 3.8 On Oil Filtration by Hayley Rail and TfL, the shortage of additives for rail specific gearbox grease and Shell Spirax S6 oil could impact on train availability and delay heavy maintenance programmes. Hayley Rail, together with Hydac (an industrial filtration company) and TfL, started a trial to claim used gearbox oil, filter the fluid and re-use. The trial was successful and Shell, TfL and gearbox manufacturer (IGW Industry) all approved the filtration.
- 3.9 The expected saving over the next four years from this initiative is about £70,000 (District and Hammersmith & City lines only) and £210,000 over the life of fleet. TfL calculates the carbon savings of 67 tons of CO₂, equivalent of taking 134 cars off the road or planting 3,350 trees. This could be extended to all 11 lines, Lifts and Escalators and all non-electric buses. Hayley Rail won TfL “Outstanding Carbon Reduction Initiative” award.
- 3.10 Another successful trial also led to the Victoria line extending its gearbox oil change periodicity from 150,000km to 300,000km. It is estimated that halving the periodicity will enable recurring savings of £12,000 per annum and deliver green benefits by preventing the annual disposal of 2,300 litres of waste oil.
- 3.11 Commercial discussions have taken place with Hayley Rail and the proposed extension gives the greatest opportunity to deliver value for money and mitigate future cost pressures.

List of appendices to this report:

Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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