

Board

Date: 1 July 2015

Item: Bus Stops and Shelters

This paper will be considered in public

1 Summary

- 1.1 This paper describes the outcome of the procurement for the provision of supply, installation and maintenance services for bus shelters, stops, poster frames and other associated on-street infrastructure, including advertising rights. It seeks approval of the award of contracts and related authorities.
- 1.2 On 17 June 2015, the Finance and Policy Committee endorsed the recommendations in this paper.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplementary 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 business affairs of TfL. Any discussion of that information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **The Board is asked to note the paper and the supplementary information on Part 2 of the agenda and:**
- (a) approve entering into agreements for up to eight years for the supply, installation and maintenance services for bus shelters, stops, poster frames and other associated on-street infrastructure, including advertising rights agreements (the Agreements) as further described in the paper on Part 2 of the agenda;**
 - (b) approve Procurement Authority in the terms set out in the paper on Part 2 of the agenda;**
 - (c) authorise the TfL Officers and the Subsidiaries (as described in paragraph 2.2 below) to agree and finalise the terms of the Agreements including the provision of any ancillary guarantees, bonds or other agreements by TfL;**
 - (d) authorise the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate) of any documentation to be entered into in connection with the completion and implementation of the Agreements and any of the matters referred to therein (including, without limitation, all agreements, deeds, guarantees, indemnities, property or other licences, announcements, notices, contracts, certificates, letters or other documents); and**

(e) authorises TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Agreements and the matters referred to in them.

2.2 The following Officers and Subsidiaries shall have delegated authority:

(a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Surface Transport, General Counsel; and

(b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.

3 Background

3.1 TfL manages a bus infrastructure network of approximately 4,887 advertising shelters, 7,491 non advertising shelters and 20,499 stops across London. At present, around 2,500 of the advertising shelters are owned by the incumbent advertising contractor, Clear Channel UK Limited (CCUK) and ownership of these advertising shelters transfers to TfL on 31 December 2015.

3.2 In addition, there are a further 1,049 bus shelters on the TfL bus network that are provided and maintained by ten of the London Boroughs under separate contract arrangements. These bus shelters are not within the scope of the TfL requirement.

3.3 The TfL network requirements are currently managed under seven separate contracts as follows:

No.	Contract Description	Category	Incumbents
1	Advertising Shelters Concession (including Supply, install, maintain shelters and advertising rights)	Advertising Concession (including asset supply and maintenance)	CCUK
2	Non-Advertising Shelters – Supply, install and re-active maintenance	Asset	Trueform Engineering Ltd
3	Bus Stops – Supply, install and re-active maintenance	Asset	Trueform Engineering Ltd
4	Publicity Posting	Maintenance	Mitie Transport Services
5	Cleaning and Graffiti removal	Maintenance	Mitie Transport Services
6	Electrical Maintenance	Maintenance	Skanska
7	Painting	Maintenance	Dabs

3.4 The present advertising concession has been in operation since 2004. The current contracting model for the advertising shelters is a 'managed service'. The contractor sells advertising panels on the TfL bus shelter estate, as well as performing the full maintenance activities required for the operational use of the

advertising shelters. TfL receives an annual minimum guaranteed income from this contract, which is subject to annual inflationary adjustments. Additionally, through a capital fund agreed in the contract, the contractor, supplies and installs advertising shelters across London.

- 3.5 The contracts for assets and maintenance were let for four years with the exception of non-advertising shelters which was let for a three year term to February 2016 to align as close by as possible with the rest of the shelter and stops portfolio. The current suite of agreements is due to expire by February 2016 and it is proposed that the re-procured requirements be divided into eight contracts (as opposed to the current seven) as follows:

Lot No.	Contract Description	Category
1	Advertising Shelters – Supply, Install and re-active maintenance	Asset
2	Shelter Advertising Concession	Advertising Concession
3	TfL Publicity Posting	Maintenance
4	Non Advertising Shelters – Supply, Install and re-active maintenance	Asset
5	Stops – Supply & Install and re-active maintenance	Asset
6	Shelter Electrical Maintenance	Maintenance
7	Shelter Painting	Maintenance
8	Cleaning and Graffiti Removal at Shelters, Stops, London River Service Piers, Traffic Control Equipment	Maintenance

- 3.5 The revised eight-lot structure enables TfL to offer a dedicated advertising concession contract, whereby specialist advertisers could bid for the advertising rights only, and/or submit combined lot offerings for asset supply, installation and maintenance lots, increasing market appetite to bid. Similarly, the lotting structure sought to increase competition, encourage economies of scale and deliver value for money to TfL through offerings made by service providers of assets and maintenance.

- 3.6 Other key features of the proposed contract structure are:

- (a) a dedicated lot for advertising shelter supply and installation;
- (b) the scope of the electrical, painting and cleaning maintenance lots were changed to incorporate both advertising and non-advertising shelters for the first time; and
- (c) the cleaning and graffiti removal contract was established to additionally cater for traffic control equipment and London River Services piers.

- 3.7 Following advertisement in the Official Journal of the European Union, there were 23 responses to the pre-qualification questionnaire and 20 were invited to tender across the eight lots.
- 3.8 Bids were evaluated on a Price (Revenue):Quality ratio basis of 60:40.
- 3.9 Respective lots were also separated into three categories; Assets, Maintenance and Advertising and apportioned a further weighting based on ranked importance as follows;
- Three x Asset lots (1, 4, 5) – 11.11 per cent each;
- Four x Maintenance lots (3, 6, 7, 8) = 8.33 per cent each; and
- One x Advertising lot (2) = 33.33 per cent.
- 3.9 Following Best and Final Offers from bidders, responses were evaluated on a combined quality and financial basis across all lots, resulting in the Most Economically Advantageous (eight lot) Solution being determined and allowing the award recommendation to be made. The results, which are anonymised pending the decision of the Board, are as follows:

Table 1: Recommended eight lot solution supplier composition (Anonymised)

Lot No.	Description	Supplier
1	Advertising Shelters – Supply & Install	K
2	Shelter Advertising Concession	F
3	TfL Publicity Posting	I
4	Non Advertising Shelters – Supply & Install	K
5	Stops – Supply & Install	K
6	Shelter Electrical Maintenance	J
7	Shelter Painting	D
8	Cleaning and Graffiti Removal at Shelters, Stops, LRS Piers, Traffic Control Equipment	I

4 Commercial Considerations

- 4.1 A bespoke agreement was developed and negotiated with the bidders for the advertising lot. This includes a mechanism to provide assurance to TfL that its minimum guaranteed income will be unaffected by minimal fluctuations in the number of advertising panels offered to the Concessionaire, caused by TfL operational reasons.
- 4.2 A performance bond is to be put in place at contract commencement for 75 per cent of the annual minimum guaranteed sum by the advertiser.
- 4.3 New clauses were developed for inclusion in the TfL Standard Services contracts to clarify and enhance terms around ownership of required specialist tooling for asset lots 1, 4 and 5. This ensures TfL own the intellectual property rights in all current and future tooling.

- 4.4 The contract term for each lot was set at a maximum of eight years (five years with options enabling TfL to extend up to an additional maximum of three years).

5 Best Value Considerations

- 5.1 The recommended contract award represents excellent benefits to TfL and its stakeholders in terms of:
- (a) a significantly improved financial net benefit contribution (an additional 112 per cent) to TfL operations supported with a minimum guarantee and revenue share, described in more detail in the paper on Part 2 of the agenda;
 - (b) improved aesthetics of the shelter estate through a committed digital advertising panel expansion programme with the potential to deliver improvements for the customers; and
 - (c) robust contractual terms that transfer risk to the suppliers through inclusion of mechanisms for securing a guaranteed minimum revenue generation, improved performance standards and promotion of collaborative working.

List of appendices to this report:

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

List of background papers:

Finance and Policy Committee paper 17 June 2015

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