

Finance Committee

Chair's Action

Date Issued: 24 May 2021

Title: Telecommunications Commercialisation Project
Update

This paper will be published once the decision has been made

1 Summary

1.1 The purpose of this paper is to:

- (a) provide an update on the progress of the Telecommunication Commercialisation Project (TCP) prior to execution of the agreement; and
- (b) request the approval of revised authorities to reflect changes to the proposed responsibilities within the agreement.

1.2 The use of Chair's Action is considered appropriate as a decision to enter into the agreement is required before the date of the next Finance Committee meeting on 23 June 2021. This decision is critical to the award of the agreement on 1 June 2021.

1.3 An 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 is legally privileged.

1.4 The members of the Committee are asked to consider the proposal and provide Ben Story, as Vice-Chair and acting Chair for the purposes of this decision, with their views on or before 26 May 2021. The contents of this paper and the exercise of Chair's Action will be reported to the next meeting of the Committee.

2 Recommendations

2.1 The Vice-Chair of the Committee, in consultation with available members, is asked to note the paper and the exempt supplementary information in the appendix, and approve in respect of delivery of the Emergency Services Network on the Elizabeth line and Northern Line Extension (NLE) as part of the Telecommunication Commercialisation Project:

- (a) **unbudgeted Financial Authority at the sum set out in the exempt appendix, giving total Financial Authority as set out in the exempt appendix; and**
- (b) **additional Land Authority at the sum set out in the exempt appendix, giving total Land Authority as set out in the exempt appendix.**

3 Background

- 3.1 On 11 March 2020, the Committee approved a number of recommendations in relation to the TCP. One of the recommendations included approval for the TCP concessionaire (the Concessionaire) to undertake Emergency Services Network (ESN) works funded by the Home Office. This ESN work is in addition to Home Office funded works already being undertaken by the internal TfL ESN project.
- 3.2 While the Home Office is responsible for funding the majority of ESN works within our estate, under our arrangement with the Home Office, funding the delivery of ESN infrastructure on the Elizabeth line and NLE has always been TfL's responsibility (the Elizabeth line and NLE are seen as "new lines" and accordingly fall outside of the Home Office's funding responsibility).
- 3.3 While TfL has always been required to fund this work on the Elizabeth line and NLE, we previously envisaged delivering this work through our network contract with Capita. As part of the TCP agreement finalisation activities, the scope of ESN works that the Concessionaire will undertake will increase and is now proposed to also include TfL funded ESN work that we previously envisaged Capita would deliver. This requires changes to the Land Authority approved by the Committee in March 2020.
- 3.4 Further, for the Concessionaire to complete the work on the Elizabeth line and NLE will require additional unbudgeted Financial Authority. Part of this additional requirement has, to date, been within the existing Technology and Data Programme approvals granted by the Programmes and Investment Committee, however newly identified scope and a higher than forecast cost for the work, means that additional, unbudgeted Financial Authority is required to the value set out in the appendix.

4 Project Summary

- 4.1 Under the TCP contract, the Concessionaire will fund, build, operate and monetise telecommunications infrastructure using TfL assets to generate a long-term revenue stream. This will include the creation of a public cellular network for full mobile phone coverage on the London Underground network, as well as supporting the Home Office ESN implementation.
- 4.2 Since the Committee's approval in March 2020, a preferred tenderer has been identified, with whom we have worked closely, together with the Home Office, to finalise the terms of the TCP agreement. In summary, the agreement will:

- (a) progressively deliver commercial mobile services throughout the London Underground network from October 2022 to December 2024;
- (b) generate a new sustainable income stream for TfL over the 20-year term (financial detail of which is set out in the exempt appendix);
- (c) deliver ESN work throughout our below-ground estate by August 2023 (a date which is acceptable to the Home Office) of which the majority is funded by the Home Office via a new multi-year grant agreement, and the remaining amount to be funded by TfL covering ESN works on the Elizabeth line and the NLE; and
- (d) commit us to make available (at the Concessionaire's cost) key TfL resources (from Engineering; Safety, Health and Environment; and Major Projects Directorate teams) that the Concessionaire will be dependent on to deliver the services set out in the agreement.

4.3 The risk profile of the agreement remains as described to the Committee in March 2020.

List of appendices to this report:

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

List of Background Papers:

Telecoms Commercialisation Paper 11 March 2020.

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