

Date: 4 July 2018

Item: TfL Consulting and International Operations

This paper will be considered in public

1 Summary

- 1.1 The Mayor has asked us to explore the generation of new income streams by establishing a commercial consulting arm that can run bus and other local transport services and sell our expertise at home and abroad. The surplus revenue it delivers will be reinvested to improve transport outcomes for all Londoners.
- 1.2 Following the appointment of a Director of Commercial Consulting and International Operations, this paper provides an update on progress to date, our plans for the future, and proposed governance arrangements.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. 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 affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **That the Committee note this paper and the supplemental information on Part 2 of the agenda.**

3 Background

- 3.1 We have a strong brand and an international reputation for safely delivering major events, making significant service reliability improvements, and managing large-scale upgrades. We also have world-leading expertise in more specific technical areas such as fares and ticketing, integrated control centres, commercialising assets and franchising.
- 3.2 We know there is significant interest in us providing consultancy and operations and maintenance (O&M) services to clients in the UK and internationally.
- 3.3 Three potential streams of activity have been identified for TfL Consulting:
 - (a) supporting other UK authorities - partnership building and knowledge sharing with UK authorities aligns with our desire to support other cities and will help test our consultancy model;

- (b) undertaking international consultancy - selling our experience (and products) on packages of consultancy work will assist other cities, broaden our experience, generate income and could form a route into potential operations and maintenance work; and
 - (c) undertaking international O&M activity – these opportunities are less frequent and would normally incur bid costs, but offer the greatest opportunity for financial return.
- 3.4 Our ambitions for TfL Consulting, and the benefits we wish to bring to TfL, suggest that multi-year O&M activities are likely to be most attractive financially, however, supporting UK authorities and providing consultancy services internationally will play a vital and on-going role in building our brand and reputation, developing expertise and relationships, and delivering our goals.
- 3.5 We will utilise TfL Consulting to develop our people, promote Transport for London, as well as London and the UK overseas, and identify best practice and apply it to our business.
- 3.6 All activity will be managed so as not to distract from our core transport services in London.

4 Update

- 4.1 Helen Murphy joined TfL on 4 June 2018 as our new Director of Commercial Consulting and International Operations. Work is now underway to develop a detailed strategy to guide progress, establish processes to enable delivery and appoint the team to ensure success.
- 4.2 Our vision is for TfL Consulting to be a world class provider of consulting advice and operation and maintenance services, taking TfL's products and expertise to a global market and delivering revenue for TfL to reinvest in improving London's transport outcomes.
- 4.3 To inform the development of our strategy we are undertaking research into the transport consulting and O&M market. This includes evaluating our own strengths and past experiences, understanding what clients and potential partners want from us, and learning from the successes and failures of other transport authorities who have launched consulting and O&M arms.
- 4.4 Key elements of any successful enterprise will include:
 - (a) having a clear vision, set of ambitions, and strategy;
 - (b) ensuring governance is clear and sufficiently agile to deal quickly and rigorously with bidding decisions;
 - (c) having clear cost tracking and allocation processes;
 - (d) having small and flexible project teams that can be deployed globally; and
 - (e) minimising expensive fixed costs through partnering.

- 4.5 As a public-sector body representing London and the UK, we believe we should consider more than just the demand for our services and our economic requirements when assessing overseas opportunities. We have therefore agreed with the GLA that our consultancy services will be delivered in a manner that reflects our values including human rights, labour standards, the environment and anti-corruption. Similarly we remain committed to extending our heritage of ethical sourcing and employment to our activities abroad. These principles are set out in the GLA Group Responsible Procurement Strategy.
- 4.6 We are currently examining a wide range of options to generate additional commercial income through TfL Consulting. Commercially sensitive information about a specific TfL Consulting O&M opportunity is covered in detail in the paper on Part 2 of the agenda.

List of appendices to this report:

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

List of Background Papers:

The GLA Group Responsible Procurement Strategy

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