

Board

Date: 1 July 2015

Item: Total Purchased Services – Track Labour

This paper will be considered in public

1 Summary

- 1.1 This paper makes recommendations in relation to an increase in Procurement Authority to cover a two year extension to the Total Purchased Service (TPS4A) contract. The existing contractor is Cleshar Contract Services Limited.
- 1.2 The TPS contracts were let in 2010 to provide maintenance and services to track, fleet, stations, and civil structures on the Bakerloo, Central and Victoria Lines (BCV) and the Sub-Surface Lines (SSL) with added flexibility for JNP and projects to use the contracts for packages of work. The TPS4A contract specifically delivers top-up track labour. The TPS contracts were let with an option to extend the agreement from five to seven years. On 26 March 2014, the Board authorised increases in procurement authorities for ten TPS contracts generally consistent with an extension for up to two years. However, in relation to TPS4A, an increase in procurement authority was sought for only £16.5m (bringing the total Procurement Authority to £177.4m) consistent with an extension of only six months (rather than two years). This was because the expectation at the time was the requirements would transition to new contracts awarded for track labour at the end of the six month period. The circumstances have now changed and this paper requests supplemental Procurement Authority aligned to a full two year extension.
- 1.3 On 17 June 2015, the Finance and Policy Committee endorsed the recommendations in this paper.
- 1.4 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 business affairs of TfL. Any discussion of that information must take place after the press and public have been excluded from this meeting.

2 Recommendation

The Board is asked to note the paper and supplementary information on Part 2 of the agenda and grant additional Procurement Authority for the amount set out in the paper included on the Part 2 agenda for the Total Purchased Services 4A agreement with Cleshar Contract Services Limited to bring total Procurement Authority to £247.9m.

3 Background and current status

- 3.1 In December 2014, LU exercised its contractual option to extend the TPS 4A contract by two years. This contract is for top up labour and there are no volume commitments but the current Procurement Authority will be exhausted shortly due to an increase in activities such as rail grinding by the Track Delivery Unit.
- 3.2 TfL is in the process of putting in place replacement pan TfL track labour frameworks which will mobilise in the second half of 2015. To facilitate a smooth transition it is now intended that the new frameworks will be used by capital projects in the first instance with the maintenance requirements transitioning at a later date. The complexity of the transition will be understood when the identity of the successful bidders is known. When the new frameworks are in place TfL will examine whether it is more commercially advantageous to migrate the maintenance requirements to the new frameworks. The uplift in Procurement Authority for TPS4A requested in this paper will give TfL the flexibility it needs to conduct this examination and ensure a successful transition.

4 Fit With Strategic Objectives

- 4.1 Continuance of the TPS4A contract supports the track labour procurement strategy to secure quality contingent labour to the maintenance organisation at an advantageous price, securing an inflation increase saving of up to £2m. The proposal provides continuity while the organisation puts in place the pan TfL Track Labour frameworks in the second half of 2015. In addition the proposal retains the existing contractor as a key supplier to TfL for a longer transition period while the new frameworks are mobilised.

List of appendices to this report:

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

List of Background Papers:

TfL Board paper 26 March 2014

Finance and Policy Committee paper 17 June 2015

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