



# Transport for London



## Telecommunications Commercialisation Project Tender

### Annex 2 - Summary of Invitation to Tender

TfL Reference Number: TfL 93898

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## 1. Introduction

### 1.1 Overview

This document contains a summary of the ITT which TfL intends to issue to Tenderers for the TCP. The ITT will set out in detail the Tender Requirements, the tender evaluation criteria and the award process to be conducted by TfL with the Tenderers to select the entity to enter into the Concession Agreement.

Capitalised terms in this document will have the meaning set out in Paragraph 1 of Part B of the SSQ.

### 1.2 Reservation of right to alter process

This document represents TfL's current thinking in relation to the content of the ITT. TfL reserves the right to alter the procurement process described in this document and Applicants are advised not to make their decision to participate in this Procurement on (amongst other information) the basis of (a) the approach to assumptions; (b) approach to evaluation/risk adjustment; and/or (c) criteria/criterion weightings set out herein, as it may be subject to change prior to the publication of the ITT.

### 1.3 Tender timetable

The indicative timetable for the Procurement is set out below. The dates provided are for guidance only and, whilst TfL does not at this stage intend to depart from the indicative timetable, it reserves the right at its sole discretion to amend or change the Procurement without notice. Full details of the timetable for the Procurement will be set out in the ITT.

Activity	Date
Deadline for submission of SSQ clarification questions	13:00 on 26 June 2018
SSQ return	13:00 on 6 July 2018
Complete Tenderer selection	August 2018
Issue ITT to Tenderers	August 2018
Interim Submission	October 2018
Final ITT requirements issued	November 2018
Deadline for submission of ITT clarification questions	December 2018
Final Tender Submission	December 2018



Tenderer Presentation	January 2019
Selection of Preferred Tenderer	February 2019
Award Concession Agreement	March 2019

## 1.4 Procurement process

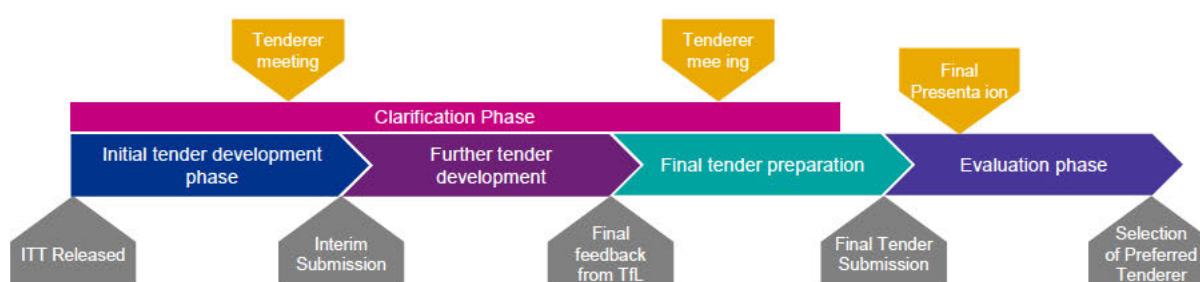
TfL does not intend to use any additional stages for the Procurement other than those set out in the indicative timetable for the Procurement, however, to the extent permitted by Law, TfL reserves the right to do so. If an additional stage of the Procurement is required, TfL will issue appropriate instructions to the relevant Tenderers. In the absence of any further stages of the Procurement, TfL may move to execution of the Concession Agreement with the Preferred Tenderer following evaluation of the Final Tender Submission.

## 2. Tendering process

### 2.1 Overview

Tenderers will be required to submit a final tender by a date specified in the ITT (Final Tender Submission). Prior to Final Tender Submission, Tenderers will be required to submit an Interim Submission and attend two bilateral meetings with TfL. Prior to the Final Tender Submission, TfL shall provide guidance on the Permitted Bid Assumptions and on the risk-based price adjustment for any Permitted Bid Assumptions. As part of the feedback, TfL may elect to issue an updated Draft Concession Agreement and a revised and final form ITT to all Tenderers. The tender process is summarised in Figure 1 below.

**Figure 1 ITT process**



### 2.2 TCP eTendering website

The ITT, and all supporting documentation will be made available to Tenderers via TfL's online e-Tendering portal, <https://procontract.due-north.com>. An indicative list of some of the key supporting documents which will be provided to Tenderers through this portal is provided in Appendix 1: ITT Data Room Documentation.

All correspondence from TfL and Tenderers will be managed through the same portal. Any documents, queries, submissions or correspondence from Tenderers will



be required to be in accordance with the communication methodology specified in the ITT.

## 2.3 Request for clarifications

The ITT will describe the process allowing Tenderers to submit requests for clarifications to TfL. A deadline for clarifications will be set out in the ITT before the Final Tender Submission date. The clarification process will be managed via TfL's online e-Tendering portal, at <https://procontract.due-north.com>.

## 2.4 Interim Submission

Tenderers will be required to provide anonymised interim submissions (Interim Submission) by a date to be specified by TfL in the ITT falling prior to the date of Final Tender Submission. The requirements for Interim Submissions will be set out in the ITT and are expected, as a minimum, to include:

- A high level draft of the Tenderer's business plan. Tenderers should identify in their draft business plans any key exogenous (i.e. outside the control of the Tenderer) commercial, demographic or economic assumptions (Exogenous Assumptions) that they consider are material to their business plans;
- A high level draft of the Tenderer's delivery strategy and programme; and
- A list of any financial, commercial, technical or other condition (Bid Assumptions) that the Tenderer wishes to include in its Final Tender Submission together with an explanation of why the Tenderer considers that the inclusion of each such Bid Assumption will provide value for money for TfL.

Interim Submissions will not be evaluated by TfL but will be reviewed and considered by TfL for the purposes of preparing final guidance to Tenderers.

## 2.5 Final Tender Submission deadline

The ITT will specify the form and requirements of the Final Tender Submission. All Final Tender Submissions will be required to be submitted via TfL's online e-Tendering portal, at <https://procontract.due-north.com>. Tenderers will not be required to provide hard copies, unless specifically requested.

## 2.6 Final ITT and updated Draft Concession Agreement

Prior to Final Tender Submission and without prejudice to its general rights to make changes or provide supplementary information described in Paragraph 2.9 below, TfL reserves the right to issue a revised and final form of the ITT and/or Draft Concession Agreement upon which Tenderers will be required to base their Final Tender Submissions. The primary purpose of any such final ITT and/or updated Draft Concession Agreement will be to specify what, if any, Bid Assumptions TfL will permit Tenderers to include in their Final Tender Submissions (Permitted Bid Assumptions). Tenderers will not be permitted to make bid assumptions in their Final Tender Submission other than the Permitted Bid Assumptions. TfL will determine at its discretion the Permitted Bid Assumptions, although in doing so it will take into consideration the proposed Bid Assumptions set out in Tenderers' Interim Submissions. TfL will set out in any final ITT, guidance on how any permitted bid



assumptions included in Final Tender Submission will be evaluated. Tenderers may at their discretion include any of the Permitted Bid Assumptions within their Final Tender Submission. TfL expects to reflect the Permitted Bid Assumptions set out in the successful Tenderer's Final Tender Submission as Allowable Assumptions in the executed Concession Agreement.

TfL may in any final ITT provide further guidance on Exogenous Assumptions that Tenderers should use in formulating the business plans in their Final Tender Submissions. TfL will determine any such guidance on Exogenous Assumptions at its discretion but in doing so will take into account Tenderers' Interim Submissions.

## 2.7 Tenderer meetings

TfL will arrange bilateral meetings with each of the Tenderers during the tender process. The meetings will:

- provide Tenderers with the opportunity to raise queries regarding elements of the ITT with TfL;
- provide Tenderers with the opportunity to raise any proposed Bid Assumptions prior to Interim Submission; and
- provide TfL with the opportunity to provide consistent feedback on the Permitted Bid Assumptions.

The agenda and schedule of the bilateral meetings will be confirmed to Tenderers in the ITT. Subject to confirmation in the ITT, TfL intends to have two meetings with each of the Tenderers:

### *(a) Tender meeting 1*

This meeting will be held prior to the Interim Submission. Topics which TfL envisages Tenderers will be required to present on include, but are not limited to:

- ITT clarifications;
- Outline of the Tenderer's business plan;
- Outline of the Tenderer's delivery strategy and programme; and
- Any proposed Bid Assumptions.

### *(b) Tender meeting 2*

This meeting will be held after the updated Draft Concession Agreement terms and final guidance on Permitted Bid Assumptions are issued to all Tenderers. TfL shall provide responses to any clarifications sought on the guidance to Tenderers on the Permitted Bid Assumptions and the risk-based price adjustment for Permitted Bid Assumptions.

Tenderers may request additional meetings, such meetings shall be at the discretion of TfL. Any additional meetings approved by TfL will be arranged by TfL and will be offered to all Tenderers.

### *(c) Final Presentation*





Tenderers will have the opportunity to present their Final Tender Submission proposal to TfL at the beginning of the evaluation phase. Further details in relation to the presentation will be set out in the ITT.

## 2.8 Change in circumstances

The ITT will set out a methodology to be followed if there is any change to a Tenderer's circumstances, including (i) any change to the Tenderer's financial standing; and (ii) any change in circumstances which means that information submitted by the Tenderer at SSQ stage is no longer accurate or correct. TfL will have the right to request further information in relation to any change in a Tenderer's circumstances (including consortium make-up).

The ITT will set out the rights of TfL in relation to a change in a Tenderer's circumstances (e.g. change to the membership of a Consortium or Joint Venture), which will include permitting TfL to re-evaluate the Tenderer's continuing qualification to participate in the Procurement in accordance with the evaluation criteria set out in the SSQ. TfL's rights will also include imposing conditions on the Tenderer's continued participation in the Procurement or excluding the Tenderer from further participation in the Procurement.

Any new Consortium /Joint Venture Member or SSQ Sub-Contractor must complete the following parts of the SSQ and submit this to TfL prior to approval:

- Part 1: Applicant Information;
- Part 2: Exclusion Grounds; and
- Any other SSQ questions required by TfL

## 2.9 Supplementary information and changes

The ITT will reserve the right for TfL to issue supplementary information in relation to the Procurement to the Tenderers. Such information may amend or update data provided in the ITT or on <https://procontract.due-north.com> website. Whilst not currently intended, TfL will also reserve the right to amend or reissue the Draft Concession Agreement in its absolute discretion. TfL will not, in any circumstances, accept responsibility for any costs, whether direct or indirect, incurred by Tenderers in relation to such supplementary information.

In the event that TfL issues supplementary information or reissues the Draft Concession Agreement, TfL will consider the extent to which an extension to the tender timetable may be necessary to allow Tenderers enough time to prepare/update their Tender Submission in light of any supplementary information and/or changes to the Procurement documents.

## 3. Anticipated Final Tender Submission requirements

### 3.1 Instructions for submitting final tenders



The ITT will set out detailed instructions and requirements for submitting final tenders (Tender Requirements) which must be adhered to by the Tenderers.

### 3.2 Tender structure

Each Final Tender Submission is expected to consist of the following main elements, further details of which are set out in section 3.4 below:

- Technical submission;
- Commercial and Financial submission;
- Terms and Conditions mark-up; and
- Health, Safety and Environmental submission.

### 3.3 Tender format

The ITT will specify the format requirements which will apply to Final Tender Submissions, including but not limited to, word/page limits that apply to responses to particular questions or restrictions on references to external material not included in a tender.

The ITT will confirm that it is the responsibility of the Tenderer to ensure that the final tender is submitted in the correct format and with no omissions. TfL accepts no responsibility or liability to a Tenderer which has failed to comply with the Tender Requirements.

### 3.4 Requirements of Final Tender Submissions

The ITT will specify the required contents of the Final Tender Submissions, which will include the following:

#### *(a) Technical submission*

The ITT will set out detailed requirements for the technical submission, which are expected to include, but are not limited to, the following for each service:

- Design proposal;
- Roll out strategy;
- Delivery programme, in particular plans to meet the delivery milestones and the KPIs and SLAs required by the chosen market;
- Testing and systems integration strategy;
- Maintenance and renewal plan;
- Performance and quality management plan;
- Service management services; and
- Other plans and strategies as specified in the ITT.

#### *(b) Commercial and financial submission*

##### *i) Commercial submission*

The ITT will set out detailed requirements for the commercial component of the commercial and financial submission, which are expected to include, but are not limited to, the following:

- Understanding of the mobile, fibre and streetscape future market direction as evidenced in the Business Plan;
- Business Plan including market sizing and approach to capture market share;
- Commercial strategy including negotiation approach with MNOs; and
- Access to adequate sources of funding and financing.

In providing evidence that the Tenderer has access to adequate funding and financing, the Tenderer, where applicable, will be required to provide information set out in the ITT which is expected to include but not be limited to the following:

- Financing plan: a detailed financing plan describing the Tenderer's financing solution including all sources of funding proposed to cover the Tenderer's funding requirements to deliver the TCP;
- Parent company guarantees/performance bonds: information on the extent to which financing commitments or support for obligations will be underwritten by parent company guarantees where those parent companies are not formally members of the consortium and the extent to which other security (i.e. performance bonds) is being proposed; and
- Board minutes: minutes of the relevant board meetings committing to provide finance or to provide parent company guarantees where proposed. Evidence of board support must come from the appropriate level within the Tenderer's corporate structures.

## *ii) Financial submission*

The ITT will set out detailed requirements for the financial component of the commercial and financial submission, which are expected to include, but are not limited to, the following:

- Financial model: a financial model setting out detailed financial projections for the cash flows, profit and loss account, balance sheet, cover ratios and various other metrics. The ITT will set out detailed requirement for the outputs, structure and format of the financial model; and
- TfL revenue streams: TfL expects to derive revenue from a fixed annual concession fee, an active site rental fee reflecting the usage of each type of asset and a percentage share of revenue generated by the concessionaire.

## *(c) Terms and conditions*

In producing the Draft Concession Agreement and related documentation, TfL will endeavour to achieve an appropriate balance between its own interests, the interests of the Tenderers and the interests of other stakeholders whilst also respecting, as far as possible, market precedent.

When the Draft Concession Agreement is provided in the ITT, details of the evaluation mechanism for amendments to its terms will be provided. TfL's expectation is that only minor changes to the terms will be made. The evaluation





mechanism will reflect the fact that a Tenderer will achieve lower score where it has marked up the terms significantly or with the effect that the amended terms derogate from TfL's original position. In some cases, changes made to the terms and conditions may render the submission non-compliant.

#### *(d) Health Safety and Environmental submission*

The ITT will include specific and relevant questions in order to influence HSE in the procurement process for TCP with the aim of improving HSE performance. These will be developed by TfL's HSE Manager and set out in the ITT.

The ITT will set out detailed requirements for the HSE submission, which are expected to include, but are not limited to, the following:

- Compliance with the CDM Regulations 2015;
- Management processes;
- Provision of welfare;
- Monitoring and supervision of works;
- Management of supply chain; and
- HSE resource and competency continuous improvement plan.

#### 3.5 Variant bids

TfL does not intend to permit variant bids in the ITT.

#### 3.6 Validity of Final Tender Submissions

Final Tender Submissions will be required to be valid from the date of Final Tender Submission for a period of time to be specified in the ITT.

### **4. Final Tender evaluation and selection of the Preferred Tenderer**

#### 4.1 Final tender evaluation

The ITT will set out the evaluation criteria for the Final Tender Submissions and how these evaluation criteria will be applied by TfL.

The competition will be awarded on the basis of the Final Tender Submission that is most economically advantageous to TfL in accordance with the criteria and methodologies set out in the ITT. The ITT will specify the weightings of each submission component. The table below shows the expected weighting of each submission. This is subject to confirmation in the ITT.

<b>Final Tender Submission component</b>	<b>Expected evaluation weighting (subject to confirmation in the ITT)</b>
Technical	40%
Commercial and Financial	40%
Terms and Conditions	10%
Health, Safety & Environmental	10%
<b>Total</b>	<b>100%</b>

## 4.2 Evaluation of each submission

### *(a) Evaluation of technical submission*

The technical submission will be evaluated and scored against a set of sub-criteria and weightings which will be set out in the ITT. TfL intend to set a minimum threshold score for each sub-criteria.

The technical evaluation will assess the approach to the delivery of the TCP requirements, particularly the delivery of the mobile coverage in a timely manner, operate and maintain the TCP infrastructure and support growth and development of the network. The evaluation shall assess the robustness of the delivery and roll out strategy and the testing and systems integration strategy to achieve the delivery programme.

### *(b) Evaluation of commercial and financial submission*

#### *i) Evaluation of commercial submission*

The commercial submission will be evaluated and scored against a set of sub-criteria and weightings which will be set out in the ITT. TfL intend to set a minimum threshold score for each sub-criteria.

The commercial evaluation will assess the Tenderer's approach to maximising value from new opportunities and the robustness of the Tenderer's business plan and commercial strategy to maximise value in the mobile, fibre and streetscape elements of the TCP. The commercial evaluation will assess the Tenderer's access to adequate financial resources, the robustness of the financing plan and commitment of finance.

#### *ii) Evaluation of financial submission*

The financial submission will be evaluated according to the NPV of the revenue streams to TfL in the Tenderer's financial model, after applying a risk-based adjustment reflecting the cost to TfL of any Permitted Bid Assumptions used in the Tenderer's Final Tender Submission, as detailed in the final ITT.





Additionally, the scored outcome from the technical and commercial submissions evaluation will determine an additional risk adjustment which will be applied to the final financial submission evaluation. The ITT will provide detailed guidance on the circumstances in which TfL shall make a risk adjustment and how TfL shall determine the risk adjustment based on a set of pre-established criteria. Further guidance will be provided in the ITT on the development of the final commercial and financial submission score.

## *(c) Evaluation of terms and conditions submission*

Any mark-up of the Draft Concession Agreement and related documentation will be evaluated and scored against a set of sub-criteria and weightings which will be set out in the ITT. As set out in Paragraph 3.4(c), details of the evaluation mechanism for amendments to its terms will be provided in the ITT.

## *(d) Evaluation of Health, Safety & Environmental Submission*

The HSE submission will be evaluated and scored against a set of sub-criteria and weightings which will be set out in the ITT. The HSE evaluation shall review the submission information provided to ensure that the Tenderer has an appropriate approach to discharging their HSE duties through the lifecycle of the programme ensuring that risk to TfL's infrastructure, customers, staff and stakeholders is kept as low as reasonably practicable.

## 4.3 Selection of the Preferred Tenderer

The process for the selection of the Preferred Tenderer will be set out in detail in the ITT. Prior to selection of the Preferred Tenderer, TfL will require that Tenderers agree to the terms of a Preferred Tenderer letter detailing the basis on which the Preferred Tenderer will have been selected (including the contractual and financial terms) and defining the process and programme to Concession Agreement execution.

In the event that the evaluation does not produce a clear Preferred Tenderer, TfL reserves the right to request a 'best and final offer' from Tenderers.

TfL will select a Preferred Tenderer with the intention of progressing to Concession Agreement execution with that Preferred Tenderer. TfL reserves the right during this process to clarify/optimize/negotiate any aspect of the Preferred Tenderer's tender, and to seek further confirmation and assurances of commitments made within that tender, consistent with relevant procurement rules.

TfL will reserve the right to retain a Reserve Preferred Tenderer following selection of the Preferred Tenderer, to ensure that any failure by the Preferred Tenderer to continue to comply with their Final Tender Submission or the requirements of the Preferred Tenderer letter does not prejudice the overall Procurement.

## Appendix 1 – ITT Data Room Documentation

### Introduction

TfL anticipates that the following documentation will be made available to Tenderers through the electronic project data room to support the development of Interim Submissions and Final Tender Submissions. These documents will become available once the ITT has been issued and will be available for the duration of the tender development process.

Please note that the following list is indicative only, a further detailed list will be made available at the commencement of the tender period.

Full details of the rules of engagement relating to access to the electronic project data room will be set out in the ITT.

### Documents for inclusion

#### General

- Sales brochure
- Press releases & cuttings
- Promotional film

#### London Underground

- Customer footfall statistics
  - Line loads
  - Route Origin Destination Reports (RODS)
- Report of the technical trial on Waterloo & City line
  - Technical design for trial
  - Test results
- Tube maps
- List of tunnels sections to be covered
  - Survey material including gauging where available
- List of Section 12 stations
  - Survey material
  - Heritage/listing status
  - Footfall data
- All relevant TfL standards
- Information for contractors on the procedures for accessing the TfL estate
- ESN/public cellular high level design





- Test reports/installation reports for installed infrastructure
  - Leaky feeder installation
  - Fibre installation
- Base station hotel information
  - List of site options
  - Plans and other structural information
- Local Full Fibre Network
  - List of locations to be connected with a gigabit capable service
  - List of stations to be connected as point of presence core network points
  - LFFN grant agreement
  - Commitments of support from boroughs
- Wi-Fi
  - Technical specification
    - Design
    - Post installation radio surveys (for all London Underground stations)
  - Usage data
  - Customer satisfaction surveys
  - Support model and contact details

## Surface:

- GIS asset data
  - Access to NAMS, Playbook – Surface transports GIS asset information
- Ducting GIS maps
- Red route maps
- Asset listings for the following assets (note these will be changing all the time)
  - CCTV
  - Lighting columns
  - Bus shelters
- Indicative asset technical specifications
- Installation & maintenance contracts