

John Biggs AM, Chairman of the Budget and Performance Committee

Mr G Craig

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15 December 2011

Dear Graeme

Budget and Performance Committee Meeting – 8 December 2011

I would like to thank you for attending the London Assembly's Budget and Performance Committee meeting on 8 December 2011 to talk about TfL's sponsorship funding. It was a very interesting discussion and I am grateful for your contribution.

Arising from the discussion, there were two areas where you indicated that you might be able to provide further information, as follows:

- Details of any clauses in sponsorship contracts that provide for potential compensation payments should the need arise; and
- Details of the formal criteria and guidance by which potential sponsorship agreements are judged – you indicated that there was a document which the Committee had not received as part of the information provided by TfL before the meeting.

Please contact me should you wish to discuss these matters further. I would be grateful if you would arrange for the information requested to be sent to me by Friday 23 December (copied to the Committee Officer, as per the details below).

Yours sincerely

John Biggs AM
Chairman of the Budget and Performance Committee

John Biggs AM
Chair, Budget & Performance Committee
London Assembly
City Hall
London
SE1 2AA

23 December 2011

Dear John,

Re: Budget and Performance Committee Meeting, 8th December 2011

Thank you for your letter dated 15 December requesting further information.

The details of compensation payments for Barclays Cycle Hire is commercially sensitive and TfL is obliged to keep these confidential. Therefore I am not able to provide these.

Likewise, the precise terms in the Emirates Airline contract are commercially sensitive and confidential. However I am at liberty to share some of the events that may give rise to a reduction in the sponsorship payments to TfL, which are:

- delay in opening the Cable Car;
- delivering fewer operating hours than agreed;
- an event of TfL default; and
- voluntary termination.

You also asked about criteria and guidance by which potential sponsorship agreements are judged. I have attached the Guidance for Assessing Potential Sponsors that has been in place since July 2011.

I hope that addresses your queries. Please get in touch if you feel I can be of any more assistance to the Committee's inquiry

Yours sincerely,

Graeme Craig
Commercial Development Director, TfL Finance



1st July 2011

GUIDANCE FOR ASSESSING POTENTIAL SPONSORS

The feasibility of a sponsorship property is assessed before it is taken to market; therefore the following criteria assess the feasibility of a specific Sponsor. The terms and restrictions governing the sponsorship property and the termination processes are set-out within the Sponsorship Agreement. All sponsorship relationships should be assessed against the following criteria. If the numbers of disbenefits outweigh the numbers of benefits then the sponsorship should not proceed. If any significant risks or fundamental disbenefits are highlighted then the sponsorship may not be appropriate.

Relevance:

- Does the Sponsor have an affinity with the property?
Is there a clear link or association between the Sponsor's demographic, brand, image, identity, products, services or business objectives and the property or TfL?
- Is the affinity positive or negative? (If negative, should the sponsorship progress?)
- Will TfL or the Sponsor benefit from influencing opinion formers?
- Will working with the Sponsor enhance TfL's image or awareness of TfL?
- Will working with the Sponsor generate PR and media coverage?
- Is there a risk of negative PR/media?
- Will TfL or the Sponsor gain credibility from the relationship?

Ethics:

- Is the Sponsor providing funds to support an individual or non-business activity? (N.B Sponsorship of this nature is not permitted)
- Is there any indication that the Sponsor is seeking political influence? (N.B Political and Governmental influence and influence over TfL's operations and performance is not permitted)
- Is the Sponsor tendering for any TfL contracts?
- Have the Sponsor's competitors been offered the option to sponsor the property?
- Has the Sponsor raised any concerns regarding the Sponsorship Contract between TfL and the Sponsor?
- If yes, do the concerns impose any risk to TfL, the GLA or Government?
- Will the Sponsor provide monetary investment or payment 'in kind' (e.g. equipment, services or materials)?

Value:

- Is the Sponsor offering the Rate Card Value?
- If not, is the revenue offered reasonable? (If not, should the sponsorship progress?)
- Is the Sponsor requesting activation initiatives?
- If yes is there any cost or risk to TfL?

All sponsorship relationships must be signed-off by relevant stakeholders (the client, Commercial Development, Partnership Marketing, Group Marcomms and the GLA). Any significant findings as a result of this analysis of the Sponsor must be highlighted to the key stakeholders.