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↑ appendix
DECISION
NOW
MADE

Notice of KEY Executive Decision

Subject Heading:	Award of a Concession Contract - Advertising
Cabinet Member:	Cabinet Member for Environment, Regulatory Services and Community Safety
CMT Lead:	Sarah Homer
Report Author and contact details:	David Pridmore, David.Pridmore@onesource.co.uk
Policy context:	The services to be provided will generate income for the Council.
Financial summary:	The Council is expected to receive income through a concession contract with the preferred bidder. Income details can be viewed in the exempt appendix.
Reason decision is Key	(a) Expenditure or saving (including anticipated income) of £500,000 or more An income of above £500,000 is expected to be generated from the advertising concession contract over a 4 year period.
Date notice given of intended decision:	6th January 2017.
Relevant OSC:	
Is it an urgent decision?	No.
Is this decision exempt from being called-in?	No.

Key Executive Decision

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for
People will be safe, in their homes and in the community
Residents will be proud to live in Havering

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

SLT is asked to:

- Approve the award for the advertising concession tender.

The Council's constitution stipulates that SLT shall approve any contract with an estimated income value exceeding £500,000. The value of income expected to be generated from the Council exceeds this.

The concession will enable the Council to generate income from advertising space within the Borough. This report advises on the work that has been completed and requests approval to award the contract.

Approval of the recommendation in this report will enable an organisation to be appointed to oversee the council's advertising activity. This will lead to increased revenue for the Council from new advertising sources.

Increased revenue for the Council from new sources is one of the sought outcomes to address some of the budget challenges faced by the Council over the next few years. This supports the Council's resilience agenda.

AUTHORITY UNDER WHICH DECISION IS MADE

The Council's constitution stipulates that SLT shall approve any contract with an estimated income value exceeding £500,000. The value of income expected to be generated from the Council exceeds this.

STATEMENT OF THE REASONS FOR THE DECISION

Awarding an advertising concession contract will allow the Council to use its assets to increase income for the benefit of residents contributing to the wider resilience agenda while ensuring consistency with Council commitments and policies.

A procurement exercise has been run, inviting tenders from media specialists to bid for a framework managed by the Council and, subsequently, for a four year contract to manage advertising for the Council. Three tenders were received. Of the three tenders, one bid was deemed non-compliant as the supplier could not commit to all opportunities presented in the specification. The two compliant tenders were each fully evaluated by an evaluation panel in accordance with the pre-advertising evaluation criteria of price, 50% and quality, 50%.

In the opinion of the evaluation panel the bidder recommended to be awarded the contract, Wildstone Media Consulting, has demonstrated a clear and total understanding of the Council's advertising requirements, as described in the tender specification, and an ability to deliver them.

Key Executive Decision

Outdoor advertising revenues are dependant on the economic environment. This makes revenue projections difficult. The recommended bidder has outlined project income for each opportunity outlined in the specification and has detailed the percentage share of the income that would be payable to the Council. Further commercial information regarding the bid are obtained in appendix 1 to this report.

The contract is being awarded on an open inventory basis which gives the appointed concessionaire discretion regarding the type and order of advertising opportunities that it pursues. It is also possible, with the agreement of the Council, for the concessionaire to request that new opportunities are added to the agreement. IN all cases the concessionaire is required to adhere to all legal and regulatory requirements for advertising, including planning regulations. The concessionaire will also be required to adhere to planning regulations.

The current opportunities listed in the contract which will be immediately available to the concessionaire are:

- Large format
- On street advertising
- Lamp post banners
- Sponsorship
- Council buildings
- Car parks
- Council vehicles
- eNewsletters
- Website
- Event sponsorship
- Building sponsorship
- Council Publications

The contract does allow for new categories to be added, which will be worked through with the supplier.

The preferred bidder will propose advertising opportunities, after surveying the borough, which means income will not be generated immediately.

OTHER OPTIONS CONSIDERED AND REJECTED

Option 1: Do Nothing

By doing nothing we would still have some income and benefits but by not consolidating our opportunities we would not get best value.

Option 2: Source Advertising Ourselves

If we attempt to source advertising ourselves it would be labour intensive and we are not likely to maximise the benefits that we expect.

Option 3: Specialist Consultant

Engage a specialist Consultant to guide us through the market which would require significant labour support from the Council.

Key Executive Decision

Option 4: Tender for media specialists

Invite tenders from media specialists to bid on addressing each of the identified categories in the form of a Concession arrangement that would manage the sites and source advertisers.

Option 5: Join a Framework

Join a proposed framework agreement that is proposed by Transport for London that is being made available for local authorities.

PRE-DECISION CONSULTATION

Not applicable.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: David Pridmore

Designation: Head of Procurement, Finance

Signature:

Date: 06/01/2017



Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

After a competitive procurement process and a mini competition the Council wish to award an advertising concession contract to Wildstone Media Consulting Limited. There is an established Framework Agreement in place which was set up by the London Borough of Havering on behalf of the London Contract and Supplies Group. The Framework Agreement is EU compliant and falls within procedures laid down in The Public Contracts Regulations 2015. This contract does not fall within the scope of The Concession Contracts Regulations 2016 as it is below threshold.

The Council would like to award the contract for four years and the total value will be in the region of £2,212,000. It is unlikely there will be any income generation from advertising in the first year. The Evaluation criteria is 50% price and 50% quality.

The Council's Contract Procedure Rules 18.5 states that a contract can only be awarded other than on 70% cost and 30% quality, if one of the following exemptions apply:

i. FRAMEWORK: Where it is considered that the best procurement route is through an existing framework agreement and that does not allow tender evaluation on a 70/30 basis.

Havering Council's Constitution Part 4 Rules of Procedure 17 (b) states that key decisions may be taken by Cabinet, by individual members of Cabinet or by officers acting in accordance with powers delegated generally or for specific purposes.

Advertising in an 'outside' public place requires planning consent and it will be the responsibility of the advertising provider to secure planning permission and any variations which may be required and ensure public safety in terms of the infrastructure.

FINANCIAL IMPLICATIONS AND RISKS

There are no set up costs associated with this contract.

The contractor will be expected to maximise advertising income for the Council and will retain an agreed percentage of the income collected to cover their costs with the remainder payable to the Council.

The Council is currently in the process of setting its 2017/18 MTFS and it is expected that this will include an income target in relation to advertising. Any income received as a result of the contract will contribute towards this savings target.

Details of the expected income, Contractor/Council shares and draft savings targets are included in the exempt appendix 1. Sam Gable, Strategic Finance Business Partner

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

Not applicable.

Key Executive Decision

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Council has a public duty under the Equality Act 2010 to consider the impact of its decisions in terms of promoting and ensuring equality and cohesion across the different types of equality strands. The concessionaire will be expected to comply in all respects with all statutory requirements with regard to equalities and will ensure they do not discriminate against any person by reason of the race, gender, sexual orientation, religion or age.

BACKGROUND PAPERS

None.

Key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

~~Proposal NOT agreed because~~

Details of decision maker

Signed 

Name: S E HOMER.

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

Lodging this notice

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Committee Administration & Interim Member Support Manager in the Town Hall.

For use by Committee Administration

This notice was lodged with me on ~~21/17~~ 15/1/17.

Signed A-N